Election test for Greek Government, Page 2

No. 29,343

EUROPE'S BUSINESS NEWSPAPER Monday June 11 1984

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NEWS SUMMARY

GENERAL

Golden **Temple** toll 'up to 700°

talks' Serious political problems may face india's Prime Minister India group, is seeking to reschedule part of its L1,046bn (\$625m) debt. A re-

Sikhs' Golden Temple in Amritsar last week - where as many as 700 people are now believed to have died. A leading Sikh MP from the Pun-

jab resigned and speculation in-creased about the reaction of President Zial Singh, also a Sikh, who was presented a petition asking him to resign by New Delhi's Sikh religious leaders.
Meanwhile, the Government offi-

cially denied that 150-200 Sikh soldiers in the state of Rajasthan had mutinied and tried to drive theurselves to Amritsar. But police reports suggested there was some un-

Swapo arrests

Almost half the leaders of the South West African People's Organisation (Swapo) were detained in the Namibian capital, Windhoek, for allegedly holding an illegal meeting.

Buffer rejected

de Cuellar turned down an Israeli proposal that UN peace-keeping troops serve as a buffer between Israel and Syrian forces in eastern

Emergency talks Oil ministers of the six-pation Gulf

Co-operation Council began emergency talks in the Saudi Arabian city of Taif. **Botha in Rome**

South African Prime Minister P. W.

Botha arrived in Rome for a threeday private visit which will include an audience with the Pope.

Aircraft destroyed

Hunger strike

Mr Jacek Kuron, a dissident imprisoned in Poland, is expected to begin a hunger strike today to force the authorities to fix a trial date for himself and 10 other dissidents.

Costa Rica hitch

Agreement by the end of June be-tween Costa Rica and the IMF over conditions on a new \$100m standby agreement looks increasingly unlikely.

Flights cancelled

Most international and domestic flights to and from Rome and Milan were cancelled or postponed because of a pay strike hy airline ground staff.

Trade mission

Japanese Foreign Minister Shintaro Abe arrived in Spain for a 24hour visit. He was expected to press for cuts in a list of 143 banned Japanese imports, including commercial vehicles, porcelain and textiles.

Guns confiscated

Two of President François Mitterrand's bodyguards had their guns confiscated by British police during the final ceremonies of the London economic summit, police disclosed.

Lendi's French title

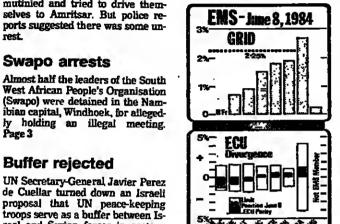
Ivan Lendi of Czechoslovakia won his first Grand Slam tennis title when he beat John McEnroe (U.S.) 3-6, 2-6, 6-4, 7-5, 7-5, in 4 hours 8 mins in the French championships

BUSINESS

Zanussi **'starts** debt

scheduling of the company's debt burden is seen as essential if the group's difficulties are to be resolved. Zanussi said talks were under way. Page 14

CURRENCIES showed little clear trend within the European Mone-tary System last week. Early dollar weakness was later reversed and the U.S. unit finished firmer from the previous Friday. This helped to contain the D-Mark and minimise downward pressure on the weaker



currencies. The D-Mark showed little overall change within the sys-tem, however, with the continued strike by metalworkers acting as a restraint. The Belgian franc re-mained the weakest but remained within its divergence limit and did not require central bank support.

The chart shows the two constraints an European Monetary System ex-change rates. The upper grid, based on the weakest currency in the sys-tem, defines the cross rates from which no currency (except the lira) may move more than 24 per cent. The lower chart gives each currenstroyed more than 35 Soviet heli-copters and MiG fighter aircraft at an airbase north of Kabul.

Wrestling with Recovery

How is industry coping with life in post-recession Britain? A special three-week series starts today. Background to recovery: Page 12. Tootal picks up a fresh thread: Page 6.

DESPITE the hillions of govern ment dollars which first propelled the U.S. into pre-eminence in outer space, Transpace Carriers Inc (TC1) has pelitioned President Reagan to seek reductions in EEC subsidies of commercial space launches such as those by Ariane Space, the French-

led Consortium. Page 4
RENAULT, the French state car group, is teaming up with United Technologies, the diversified U.S. industrial and electronics conglomerate, in a FFr 60m (\$7.2m) joint venture to manufacture electrical connectors in France for the motor

industry. Page 4 CONTINENTAL ILLINOIS, the hig Chicago bank which ran into liquidity problems last month, is continuing to borrow an average \$2bn a day from the Federal Reserve Bank

of Chicago. Page 14 ELÉCTRICITÉ DE FRANCE, is expected to launch a \$400m to \$600m credit in the Euromarket this week - the largest Eurocredit by a French state entity so far this year. Page 15

The editorial content of today's in-ternational edition has been re-stricted because of continuing industrial action by IG Druck und Papier at Frankfurter Societäts-Druckerei, where the edition is printed. This prevents the publica-tion of late-breaking news.

Argentina heading for IMF clash over debt talks

BY JIMMY BURNS IN BUENOS AIRES

Argentina last night appeared to be heading for a clash with the International Monetary Fund after signing a letter of intent unilaterally and without the approval of an IMF mission to Buenos Aires headed by Sr Eduardo Weisner Duran, the Western Hemisphere Director.

Officials at the Ministry of Economy said yesterday that Argentine sent to Washington and to the Argentine gentine Parliament today.

letter, which will be simultaneously cluding a standby credit – and the rescheduling of \$20bn of debt payments falling due this year. my said yesterday that Argentine negobators and Sr Weisner Duran had failed to agree on the text of the letter, which was approved by the Argentine Cabinet on Saturday

"You could say that the negotiations ended in deadlock. We expect some difficult days abead," one official, said.

Argentina is gamhling that the fund's board of directors, under pressure from the U.S. Government, will still show flexibility and take the unprecedented step of overruling its own officials in accepting a less restrictive economic

However, the official gloom in Argentina yesterday contrasted markedly with the optimism that surrounded the negotiations throughout last week. In spite of earlier hopes of a com-

promise, Argentine officials apparently accept that their position has introduced a new factor of uncertainty into the international deht scene with unforseeable consequences.

The Government yesterday remained mute on the details of the

A curt statement, issued on Sat-urday night by the official spokesman following the cabinet meeting, to his refusal to accept financial or thodoxy as the price for an arrange-ment with his country's creditors.

"The rescheduling of the foreign debt must proceed on the hasis of an economic programme which makes it possible to deploy Argentina's full potential without impairing the interests of the country or national dignity, the spokesman said.
While reaffirming that Argentina

that the "realistic possibilities of payment are rooted in economic recovery and defence of social jus-The letter is understood to be algets to that which was reportedly

conveyed to Sr Duran in the middle

It is understood that one of the

main sticking points of last week's negotiations was the Government's indicated, however, that President refusal to curb wages drastically as Raul Alfonsin had stuck doggedly the main instrument for reducing its budget deficit.

Peter Montagnon in London adds: Argentina's admission of its open agreement with the IMF after weeks of optimistic pronounce ments from Buenos Aires will come as a serious blow to the country's mercial bank creditors.

Efforts to belp Argentina hy re-scheduling part of its \$43.6hn foreign debt and providing temporary was willing to honour its deht ohli-gations, the statement emphasised cash injections to help it meet interest payments are all predicated on a successful conclusion to the 1MF

Unless the two sides can recon-The letter is understood to he almost identical in concept and targets to that which was reportedly provide \$300m in bridging finance

IMF approves Yugoslav credit, Page 3; Peru imposes emergency, Page 3; Continental Illinois bor-rows \$2bn a day, Page 14

Iran and Iraq agree to stop shelling of cities

BY TONY WALKER IN BASRA AND KATHY EVANS IN DUBAI

shelling each other's cities yester-day but another tanker in the Gulf bas come under air attack.

The 290,000-ton Kazimah, owned by the Kuwait Oil Tanker Compa-ny, was strafed by an aircraft thought to be Iranian and suffered superficial damage. Mr Saddam Hussein, the Iraqi President, and Mr Ali Khameni, his Iranian counterpart, bave both accepted a proposal by the UN to stop

the bombardment of residential areas. The southern Iraqi port city of Basra was still being shelled yesterday evening, however. Doctors at the Basra teaching

hospital said shelling in the town in the past three days has been some the town of Dezful, about 80km

IRAN AND Iraq agreed to stop bave suffered injuries as a result of ra caused widespread damage. The the artillery barrage. Dutch contractors working on a lest of the war. According to an Ira-

> yesterday because they feared continued heavy shelling. Dr Nazar Suleiman of the Basra Dr Nazar Suleiman of the Basra yesterday took place further to the teaching bospital said the shelling sonth than previous raids mounted this week was the heaviest since the war began: "They are killing ci-

vilians - women and children." Iraq has apparently been using Soviet Scud-B missiles in its attacks on Iranian towns. Iran has week as the war intensified.

of the heaviest of the war. The bos- from the border, had been hit by a pital itself was damaged when a large missile, killing about 12 civil-shell landed nearby on Thursday. It ians and wounding another 150. Iraq has said the shelling of Bas-

attacks on Basra are some of heav-Port development at nearby Umm qi communique, 10 people were killed and 254 wounded in the shell-

> The attack on the Kuwaiti tanker middle of the Gulf. An official of the Kuwait Oil Tanker Company said the ship was in International waters when hit.

said hundreds of civilians have been killed and many buildings destroyed in several towns in the past week as the war intensified.

escort does not join the ships until they pass the Bahrain area, and ends near the Saudi island of Arabiya. Some thought may he given to extending the escort, shipp

Shipping report, Page 4

Europe's car plants threatened

BY JOHN GRIFFITHS IN LONDON

strike-bound West German engineering companies are increasingly threatening production of cars and trucks in factories all over Europe.

Saab and Volvo in Sweden are revising production to take account of dwindling supplies of fuel injection equipment: Vauxhall, the UK subsidiary of General Motors, is preparing for lay-offs from next week; and Ford UK is reviewing daily the prospects for keeping up output of the fuel-injected Escort XR3i from its Halewood, Merseyside, works.

Most European truck makers, including Scania and Leyland Vehicles depend on the West Germans for tailor-made power-steering

components which cannot be sup-plied by any other manufacturers and which cannot be replaced by

industry has already been shut so that although they incorporate down by the metalworkers dispute many common components they

The next round of negotiations is not worth dual sourcing.

due to start on Wednesday. Even then the prospects of agreement be- bas to be married to a particular entween the IG Metall union and the employers are regarded as remote.

The three companies whose com
Similarly, Mahle's pistons are de-

Zahnradfabrik Friedrichshafen, and cannot be replaced without a best know as ZF and now Europe's great deal of time and expense. fargest producer of transmis and steering assemblies; Robert Bosch, the producer of fuel injec-tion systems and other electronic components; and Mahle, a major used in most high-performance engines in Europe, as well as being virtually e standard fitment in

grand prix engines.
All three were among the earliest strategic component supplies.

ZF's power steering boxes are

Much of the West German vehicle tailored for individual truck models,

SHORTAGES OF components from over a demand for a 35-hour work- are unique to each vehicle and restrike-bound West German enging week.

Bosch's fuel injection equipment

The three companies whose components cannot be substituted are veloped for particular power units The widespread use of Bosch fuel

injection equipment, which pro-vides a substantial part of Bosch's annual DM 14bn (\$5.2bn) turnover, explains why Daimler Benz, BMW, manufacturer of pistons which are Audi, Volvo and Saab have all been hit quickly by the dispute - they have a high proportion of fuel-in-jected cars in their ranges.

The strike has already led to the All three were among the earliest to be hit in May, as part of a deliberate tactic by IG Metall to halt unit-a-year capacity Antwerp plant in Belgium which produces mainly

Continued on Page 14 Clash near on Citroen, Page 3; Renault in parts deal, Page 4

1.

call to Moscow By Reginald Date

Renewed

dialogue

WESTERN leaders expressed confidence that the international system could cope with any foreseeable problems over world oil supplies that might be caused by the Gulf war and called for a "peaceful and honourable settlement" between

Iran and Iraq.
In three relatively bland statements on foreign policy, the London summit invited the Soviet Union to respond in "a constructive and positive way" to Western calls for renewed dialogue; pledged closer co-operation on international terrorism; and insisted that freedom of navigation must be respected in the

The declaration on terrorism was less strong than originally sought by Mrs Margaret Thatcher, the British Prime Minister, after the rerent violenre at the Libyan Embas-sy in London. But Mr George Shultz, the U.S. Secretary of State, said that the leaders did not want to show their hand publicly and hinted that more aggressive action against terrorists bad been discussed.

The public document said that there had been "support" for closer co-operation between the seven countries' police legislation that might he exploited by terrorists. Governments would also watch the size of diplomatic missions, review the sale of weapons to states supporting terrorism and, "as far as possible," co-operate over the expulsion or exclusion from their contries of known terrorists, including

The heads of government said that they acknowledged the inviolahility of diplomatic missions and other requirements of International law, but emphasised the obligations which that law also entailed. There were no moves, bowever, to seek a tightening of the Vienna Convenbon governing diplomatic relations. On the Iran-Iraq war, the leaders said that the principle of free navi-

gation in the Gulf must be respected and they expressed concern that the conflict should not spread. They found that the world oil market had remained relatively stable during the Gulf conflict and concluded that the international

system had "both the will and the capacity" to cope with any foreseeproblems. Under emergency plans co-ordi-

U.S. navy vessels are believed to plies were cut by more than 7 per sionally we have an open-mouth

Summit affirms need for cut in U.S. rates

THE U.S. and its major Western al- policy regarding what they are dolies reached broad agreement this weekend on the need for lower U.S. interest rates to sustain the world's economic recovery and prevent an explosion of the Third World debt

The London summit, for the seven major democratic powers, ended with the declaration of a common strategy towards the dehtor countries, a restatement of the need for tight financial discipline, and a renewed commitment to fight trade

protectionism The summit countries, the U.S., renewed appeal for the resumption of East-West arms talks, issued a rather bland charter of the West's nrinciples, and set out common approaches towards terrorism and the

Gulf war. The summit was dominated, however, by the shadow of U.S. interest rates and the deterioration of the outlook for world deht sinre the summit countries last met at Wil-

liamsburg, Virginia, a year ago. President Ronald Reagan came under conrected pressure from the more vigorous action to reduce the U.S. budget deficit. And European anxieties were reflected in a generally sharper tone to the final communique than had originally been intended.

A passage congratulating the U.S. Administration for its efforts to cut the deficit through the so-called down payment" measures was deleted and a warning was inserted that high interests could put the recovery at risk.

Although the U.S. continued to insist that there is no connection between deficits and the level of interest rates. President Reagan apwill give a high priority to cutting the deficit after November when the U.S. presideolial election is out

of the way. The U.S. also appears to have in-The U.S. also appears to have indicated that the Federal Reserve Board is likely to take a more rechange rates and perhaps to agree-

closing session: "Monetary policy does affect interest rates, and therenated by the International Energy Agency in Paris, the Western coun-watching. The Administration does tries would start sharing oil if sup- not put pressure on the Fed. Occa-

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

President Reagan and Mr Regan both argued strongly in the summit meetings that U.S. interest rates would soon come down. However.

other leaders were scepucal. They agreed that if interest rates remained at or above present levels escalation of the deht problems and that a common policy for averting a

crisis was needed. This strategy is set out in six points, reduced from seven in the first firaft. The most important of Japan, West Germany, France, the those points was a call to commer UK, Italy and Canada, also made a cial hanks to extend deht maturities through "multi-year rescheduling" for those countries which were "making successful efforts to im-prove their position."

The points include a reference to the rentral role of the International Monetary Fund and the need for improved co-operation between the IMF and the World Bank.

The summit leaders renewed their pledge to fight trade protectionism, a routine at every summit However, Japan and the U.S. were unsuccessful in gaining a specific pledge to aim for a new round of talks under the General Agreement on Tariffs and Trade (Gatt) in 1986.

Instead they agreed only to consult other partners in Gatt with a view to a decision "at an early date on the timing of a new Gntt round. This was largely because the French believed a new round of talks would divert attention from the need to complete the business of the last round held in Tokyo two years ago.

However, Mr Regan said after the meeting that he still hoped the new round of talks could start in

pears to have given private assurances to the other leaders that he will give a high priority to cutting was set in train at Williamsburg last year on a reform of the interna-

tional monetary system.

President François Mitterrand of laxed view of monetary policy for ment to help the liquidity problems the time being.

However, Mr Donald Regan, U.S. of Third World countries by an issue of Special Drawing Rights of Third World countries by an is-Treasury Secretary, said after the (SDR), the IMF's reserve currency.

> However these issues are still bogged down in detailed discussions among the Group of Ten. Details, Page 4; Editorial com-ment, Page 12; Upbeat but hardly

spectacular, Page 13

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priorities; North Sea 12 London summit: upbeat but Lex: British Airways on the Management: how to borrow Lombard: policies needed for in the U.S. - for less 8 1985-86 slump 13

Lothians candidates in a mist of indifference

"AULD REEKIE"—Edinburgh's outgoing Conservative MEP, Britain, not to aay Scotland, to nickname in the days when beiching fumes were looked as "the invisibla man" by the unecological body in the upon as a comforting friend caodidates of the other parties. rather than a threat to health—shows no sign of becoming Eureekie overnight. The campaign for the election of a European Parliament bas left the population of the Scottish capital and the constituency of only once in the Strasbourg Partite Lothians, of which it is the centre-piece, cold—not to say damp.

The the constituency of the lothians, of which it is the centre-piece, cold—not to say damp.

The the constituency of the constituency of the Lothians, of which it is the centre-piece, cold—not to say damp.

The the constituency of the constituency of the Lothians, of which it is the centre-piece, cold—not to say damp.

It is hardly surprising, therefore, though somewhat unusual,
that the five candidates for the
Lothians huddle together for
and women who have just been
parachuted into hostite territory. They have already had
five joint meetings, at which
lever relentlessly call each other
by first names and tell jokes at
each other's expense.

The favourite butt at these
fraternal gatherings is
not alled together for
the candidates for the
local population, has
the candidates agree is that
one auspects a great deal more
the battlefield of Culioden and the battlefield of Culioden and the battlefield of Culioden and the sortists on by those opposed to the
union with England, is the best
one an issue in the election. Dr Dickson Mabon, the amiable
and experienced SDP/Liberal
Alliance candidate, a former of the grants and loans made
to the country's population, has
not better than most of the proposible visiting card in Europe
tevery ope of them could do
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of the grants and loans made
the country's population, has
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to spill of the candidate, a former Minister of State for Scolland
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the country's population.
The state for the last furness in the acture of the Scolland
and a former Minister of

aimp.

It is hardly surprising, therefore, though somewhat unusual, that the five candidates for the Lothians huddle together for warmth and protection like are to European politics.

That, it is generally recognised, was quite an achievement, if negative in its impact on the enthusiasm of the local population.

The definition of the local population is much as attracted ther to European politics.

The perenially kilted Dr. David Stevenson, a senior decturer in international community health at Livernool lace for Europolitics.

Yet he sticks faithfully to the party line that, when Scotland becomes Independent, there

soft-spoken Dr Stevenson. He is convinced that bis kilt, made from a tartan found in 1746 on

Mr Martin is hasing his com-paign essentially on the need make the people of Lothian to bring down food prices and to comhat unemployment—both

That awareness is singularly issues which strike strong local scheduled for closure by the snd Mr Henderson. Few of the Government with the loss of people 1 talked to realised the 1.800 jobs, is within the Lothians extent to which Scotiand. not constituency. This could loae the Conservatives a considerable number of votes.

Bathgate has definitely be-come an issue in the election.

That awareness is singularly lacking at the moment, in splta of the efforts of the two procbords. The Britisb Leyland of the efforts of the two pro-truck factory at Bathgate, European candidates, Dr Mabon extent to which Scotiand, not

Since the UK entered the Community in 1973, Scotland, with less than 10 per cent of the country's population, has received more than 25 per cent of the grants and loans made available to the UK by the various Community funds.



least the Lothians, had benefited of the Lothians' nine West-from EEC money. minster constituencies. The rest went to Labour.

That, with the recent local elections which enabled Labour to take control of Edinburgh District Council for the first time, should give the Labour Party a good chance of winning the European elections but only on condition that Labour voters do not abstain in large numbers, as they did in 1979, and that the dreaded "haar," a pea-soup sea mist which frequently blankets the Lothians, does not make everybody withdraw into

Robert Mauthner

Kinnock's rating down, 'leak' shows

By John Hunt

CONSERVATIVE PARTY officials claimed yesterday that a "leak" from Labour Party headquarters shows that the popularity of Mr Neil Kinnock, the Labour leader, has dropped sharply during the campaign for Thursday's European elections.

It is alleged that this is shown in a private poll, con-ducted by the Labour Party during the campaign.

The Tories also claim that the poll shows great distatisfaction among Labour Party workers over the "gimmicky" way in which Mr Kinnock and the organisers have fought the electinn.

Labour, however, says that the private poll indicates that its strategy of concentrating an domestic issues, particu-larly unemployment, has been the correct one.

Last night as the campaign entered its final week. Mr Kinnock was appearing at s Labour Party Eurofest in Leeds, sharing the platform with Clive Dunn (Corporal Jones in "Dad's Army") and

various pop groups.

A public opinion poil taken
by Mori and published yesterby Mori and published yester-day in The Sunday Times shows the Tories with a four point lead over Labour in the battle for Euro seats, with the Sncial Democrat-Liberal Alliance running a poor third.

In privata neither Labour nor Conservative campaign nrganisers disputed the main findings. If correct, the Mori poli indicates that Labour will certainly increase its re-presentation from the 17 seats it won at the last Euro seats it won at the last Euro
elections compared with the
Tories' 60 seats. The Mori
poil, taken on June 7 and 8,
showed 42 per cent support
for the Tories, 38 per cent for
Labour and 18 per cent for
the Alliance.

Campaign in Greece seethes with ideology and passion

The joker in the electoral pack is the Moscow-line Communist Party of Greece (KKE),

Europeon election speech.
WHEN THE Greeks go to the
polls oo Juoe 17, the EEC will
be the last thing on their

For weeks, their politicians As in October 1981, when have been telling them that the Mr Papandreou's Panhellenic European Parliament election Socialist Movement (Pasok) is mainly about Greek domestic swept into power with a 48 per

vote as anything else than a Conservative New Democracy critical performance test for party.

Mr Papandreou's two and a balf year old Socialist Governing Greece's first-ever Greece's fir

rime Minister, European election speech.

Do away with the forces of the Left, before they do away with your freedom," Mr Erangelos Areroff, Greek Conservative opposition leader, Europeon election speech.

So far, this bas made for a fever pitch election campaign. Hundreds of thousands of party supporters have willingly flocked, with the air and entbusiasm of soccer crowds, by the bus, plane and bostlosd to rallies around the country. There is also no doubt about the turn out of Greece's approximately 71m voters. Voting is compulsory.

politics, and only secondarily cent majority, the June vote about the Community.

By now, few Greeks see the between the Socialists and the

the Socialist experiment.

What Mr Papandreou wants is to recapture as much as possible of the 40 per cent polled by Pasok in the European election beld simultaneously with the 1981 national vnte. That was tha first to be held in Greece, which joined beld in Greece, which joined the EEC in January 1981. What New Democracy wants

the third party in the national Parliament. The Communists hope to expand their 12.8 per cent share of the 1931 European vote through e drift from the left wing of Pasok. The KKE has made clear that should the Socialists lose their majority they would welcome a

what New Democracy wants is that Mr Papandreou should fail. If this happena, the Conservatives will cry "no confidence" in the hope of Inducting the Government's resignation. Depending on Pasok'a reaction, and on the judgment of President Constantine Karaman Mr Averoff have been beaming the control of the campaign debate to its barrest political bones. From electoral balconies around action, and on the judgment of President Constantine Karaman Mr Averoff have been beaming the control of the contr manlis, who is empowered by the anna message: the shape of the constitution to dissolve Greece's political, social and

"SAY NO to the Right. No to the State of Dorkness," Mr elect 24 Greek deputies to Andreas Papandreou, Greek Prime Minister, European electory of the State of Dorkness," Mr Strasbourg.

The State of Dorkness," Mr elect 24 Greek deputies to Strasbourg.

Strasbourg.

The State of Dorkness, "Mr elect 24 Greek deputies to Strasbourg.

Strasbourg.

The Left, interrupting administration of right-wing administrations stretching back to the general election before the end of the Socialists' term in 1985.

The State of Dorkness, "Mr elect 24 Greek deputies to Strasbourg.

Strasbourg.

So far, this bas made for a 1930s. What is being tested of the Socialists' term in 1985. rid of the Left (Mr Averoff).

Greeks ere proffered two alternative visions of the future. The one, contained in Pasok'a "Greece first " campaign slogan, is painted in bright nationalist colours. It is based on s questioning of the relalionship forged by the Right between Greece and the West, especially the United States, Nato and the EEC. Mr Papandreou says be will seek a special relationship with the Community.

New Democracy, which bills itself as "the only solution" on its posters, offers a seamless relationship with the West, in-cluding an unconditional "Yes" to the EEC. Greeks are invited in so many words to vote for stability after two and a-half

years of belter-skelter socialism. country is witnessing a resurg-For Pasok, this "vote for us ence of political passions and in order to vote against them" divisions which bark back to epproach has aerved conveniently to distract attention from a meager record of achieve-ments after 30 months in office. For New Democracy, it has dis guised a failure to reorganise into an effective political alter-native after its 1981 rout. For Greece, the effect has been traumatic. Over the past

weeks the country has become polarised into increasingly hostile Left- and Right-wing camps. Outbreaks of violence between Socialist and Conservative party bloods have been

Alarmed newspaper editorials have described the 1984 European election as the most tense and violent electoral contest

the bitter 1945-49 civil war.

Yet voters have other options between Left and Right, Sixteen parties are contesting the election. An assortment of small centrist parties and the tiny Eurocommunist Party of Greece, could provide s home for Greeks disillusioned with both Pasok and New Democracy.

But the national slant of the European election campaign may make many feel that casting such a protest vote is a luxury Greece cannot afford. They will fear that if both Pasok and New Democracy fall short of a clear majority, uncertain coalition scenarios could destabilise the country.

since the period before the 1967 colonels' coup. Greeks say the Andriana Ierodiaconou

IDX: Such a huge success, we've made a small one.

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too large for many smaller offices. So, now there's a Small IDX, designed for offices requiring only 50 to 300 lines. Or for larger companies needing network

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OVERSEAS NEWS

Madrid lays out a red carpet for Alfonsin

FROM THE moment he lands in Madrid today President Raul Alfonsin of Argentina will be stepping on the plushest of red carpets that Spaniards can roll Aires. out for a visiting foreign

He wil scarcely have time to unpack his bags at the Prado Palace, once General Franco'a

Palace, once General Franco's residence and now refurbished for top VIPs, before be is rushed off to a private lunch with King Juan Carlos.

King Jnan Carlos will bost a banquet as will tha Prime Minister, Sr Felipe Gonzalez, and Sr Alfonsin will bave the rare bonour of addressing the Cortes. The programme has been meticulously prepared.

Bebind the pomp and circum-Bebind the pomp and circumstance the Argentine President

can be assured of e genuinely warm reception which is expected to turn delirious when et the end of the week he visits the north-western region of Galicia where his father was born and where his close rela-tions still live. Sr Alfonsin Is one of the best known foreign leadera in Spain and by far the most popular.

Both Argentine end Spanish Both Argentine end Spanish officials emphasise the importance of the visit. They point out that it is not just tha first trip Sr Alfonsin is making to Western Europe as President but also that he is coming to Spain and then going back

bome.

In Paris and Rome Sr Alfonsin would be almost as fêted as he will be here. But pointedly the visit to Madrid is not the first leg in a trip to more important European eapitals.

On both sides the thinking is that Spain and Argentina can and abould enter into a special and abould enter into a special relationship. It owes much to personalities. Sr Gonzalez, the Spanish Government and the ruling Socialist Party threw all their weight behind Sr Alfonsin even before he became an official presidential candidate. Sr Gonzalez was accordingly rap-turously received in Buenos Aires when he attended Sr Alfonsin's inauguration.

There la clear political con-tent to the mutual admiration, Sr Alfonsin has made very clear that he has closely studied Spain's transition to democracy. He perceives that there are essons to be learnt, not least on how to deal with the military. Sr Alfonsin'a recent agree-ments with Sra Isabel Peron, the Peronist leader, and the joint calls for an all-party national pact to consolidate democracy are closely model-led in language, content and intent on all-party and ell-union initiatives that took place in Spain in the late 1970s.

As well as Sr Gonzalez, Sr Alfonsin's entourage admire the former Spanish Premier, Sr Adolfo Suarez, the chief architect of the post-Franco democ- Group.

between and envoy to Buenos Aires.
Unstinding admiration is reserved of course for King Juan Carlos who will be formally invited this week to visit Argentina in November. In 1980 the king took the opportunity, when he was the guest of Gen Videla, the former

President Alfonsin will be seeking a statement of "solidarity" from the Spanisb Government for Argentina's elaims to the

from the Spanisb Government for Argentina's elaims to the Maivinas, drawing a parallel between the islands and Gibraltar, Jimmy Burns writes from Buenos Aires.

Sr Hugo Gobbi, the Argentine ambassador to Spain is Sr Alfonsin's former chief adviser on the disputa with Britain, and in recent weeks bas continued to play an active role in pressing for European support for the resumption of negotiations. Madrid, bowever, is in a quandry. It obviously wisbes to improve its links with Latin America. At the same time the Spanish Government does not want to risk jeopardising its reletions with Nato and its future entry into the EEC Madrid is likely to continue to offer its good offices as a potential mediator between Buenos Aires and London

racy and civil rights

The common experience of political transition dovetails neatly with the expressed desire of King Juan Carlos, as well as of Sr Gonzalez and before that of Sr Suarez, that the so-called "Ibero-Amarican community" should become more than just the toric.

In a succession of interviews In a succession of interviews given in recent deys to the Spanish media Sr Alfonsin has spoken of Spain as "the mother country" and of Spain as a bridge between Latin America and Europe. Even Spaniards would not claim as much for their country as the Argentine President has done

President bas done.

The timing of the visit is such that just as the IMF receives today Sr Alfonsin's letter of intent on bis country's foreign debt ha will have a foreign debt be will bave a perfect platform from which to press his points in Europe before e sympathetic audience. Sr Alfonsin and Sr Genzalez, with the enthusiastic backing of King Juan Carlos, will also bave ample opportunities to address themselves to "Ibero-American" problems in general, to the concept of a common Latin American debt front and the need for world understand-lng and patience and to central American issues and peace

initiatives by the Contadora

Kuron set for hunger strike in bid for trial date

By Christopher Bobinski in

MR JACEK KURON, one of Poland's top imprisoned dissidents is expected to go on hunger strike today in bld to get the authorities bld to get the authorities to fix e trial date for him and 10 other detainees. According to close relatives, Mr Kuren sent the Warsaw military court a letter, dated May 28, threatening to start a hunger strike within 15 days if such a date was not fixed.

The 11, four members of The II, four members of the KOR dissident group and seven Solidarity leaders, have been deprived of their liberty since martial law was insti-tuted two-and-a-haif years ago, and are still awaiting trial on charges of anti-state

The Polish church has been The Polish church has been working to have them freed since last September but these efforts foundered last month, when the 11 refused to promise to drop political activity for two-and-a-half years in return for their freedum.

Last week, in n letter Mr Adam Michnik, another of the four imprisoned KOR members demanded an open trial or his freedom without any strings attached.

The anthorities have shown every sign of wanting to evold the politically ambarrassing trial and bave moderated an initial demand to have the 11 emigrate in return for their freedom in the compromise negotiated with the by the prisoners.

"I appeal to all decent people to refuse to act as mediators merely passing on the ideas of our jailers," Mr Michaik wrote in his letter implicitly criticising the church for its efforts. This tone echoes mistrust of the church among Solidarity radicals who fear that the winning of the freedom of the 11 through a compromise the 11 through a compromise would represent a victory for the authorities.

A well-placed churchman speaking at the weekend suggested that Mr Kuren's and Mr Michnik's action could force the authorities' hands and precipitate the trial. In such an event, the church's efforts to free political prisoners would concentrate an the 61 Solidarity activists already sentenced and the 560 or so under arrest. The church hopes to secure their freedom before July 22 which is Poland'a National Day.

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tary-General was quoted by

Israel Radlo as saying that

Instead the UN forces shoold

lake over the positions in

Lebanon evacuated by Israel,

He also said that it would be

possible to entarge the 6.900-

man force, if the participating

● About 30,000 supporters of

Israel's Left-wing Peare Now Movement marched through

Tel Aviv last night to mark

and condemn the second anni-

versary of the Lchanon war.

conntries agreed.

Sikh MP resigns in aftermath of Amritsar killings

BY JOHN ELLIOTT IN NEW DELHI

HORROR AMONG the Sikh building, whose damaged facade community in India, at the deaths in the Goldeo Temple for the first time on Saturday complex in Amritsar last week night of between 450 and 700 people, is beginning to create serious political problems for Mrs Indira Gandhi, the Prime

Kkj

A leading Sikh parliamen-tarian from the Punjab last night resigned both his seat as an MP and his memhership of Mrs Gandhi's Congress—I Party as speculation increased about the reactions of President Zial Singh, who is o Sikh.
Growing resentment among

the Sikhs - who are prominent in Indian life — could upset moves the Government is expected to make in order to reach an agreement on the Punjab problems.

He resigned both because of the

Rumours that the President, who is in the middle of a fiveyear term of office, would resign were officially denied yesterday. But it was stated that be was still deeply upset after his visit to the Golden Temple on Friday. He has cancelled an official engagement today. Last night he had a talk with Mrs Gandhi for an hour.

The Government had hoped that the President's visit to the temple would help to soothe distress among Sikhs. But he was so shocked at the damage to Akal Takht, which was used by the extremitts as hide out. agreement on the runjab problems.

The MP was Mr Amarinder Singh, who represented the south-eastern Punjab city of Patiala. His father was the last Maharajah, so the politician has a role as a communities of the communities of the politician has a role as a communities of the co

yesterday with a petition by Sikh religious leaders in New Delhi asking bim to resigo and He resigned both because of the army's entry of the Golden Temple area and because of the severe damage to the Akal Takht. Such work should only be done by the Takht, tho second most sacred Sikh community, they sald.

Turkish public spending to increase budget 24%

BY DAVID BARCHARD IN ANKARA

THE TURKISH government is Prof Memduh Yasa, to raise spending in the 1984 budget by TL 795bn (£1.6bn), in order to pay foreign debts and give civil servants an 11 per cent pay rise. The increased proposals for financing the proposals for financing the budget increase as "imaginary". expenditure will be met by budget increase as "imaginary", increased taxes and TL 45bn Final details of the govern-

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the civil servants' pay increase.

Mr Turgut Ozal, the Prime
Minister, recently told reportors
that the previous government
had not provided for foreign

increased taxes and TL 45bn of domestic borrowing.

The new spending target represents a 24 per ceet lacrease on the budget of TL 3.250bn announced last November—the largest increase budget outside wartime.

The bulk of the money, TL 590hn, will go to service debts, with TL 53bn covering the civil servants' pay increase.

Final details of the government is still to be announced.

The budget increase comes as Mr Ozal's government is facing criticism over its handling of the economy. Inflation is running at an annual rate of more than 50 per cent, although the Prime will start to fall in the next will start to fall in the next month or two. month or two.

Price rises for most com-

modities are announced daily and net interest rates to borrowers are running at more

Leaders of Swapo arrested in Windhoek

My Michael Holman in

ALMOST the entire Internal leadership of the Sonth-West
African People's Organisatlou (Swapo) was detained in
the Namihlan explicit,
Windbook, over the weekend. They are alleged to have held an illegal meeting.

The topic of the detentions is likely to he raised when Dr Chester Crocker, the U.S. Assistant Secretary of State for African Affairs, meets by P. W. Botha, the South African Primo Minister, in Rome tomorrow, for talks on the future of Namibia (South-West Africa).

This could prove to be o highly embarrassing develop-ment for Mr Botha, now near the end of an eight-nation tour of Europe, which is to include a meeting with the Pope today.

During his tour, the South African Prime Minister has stressed South Africa's desire to see an early end to the 18-year-old conflict in Namibia, and has attempted to assure European leaders in Lisbon, London, Bonn and elsewhere of his government's good foith.

The arrests took place in Windhock on Saturday afternoon. Pariy officials were bolding a barbecue to eclebrate the recent release of 54 Swopo prisoners held of a Namihian internment canno thee 1978. camp since 1978.

Nono of the ex-internees was arrested, but Mr Niko Bessinger, joint secretary of Swapo, and Mr Daniel Tjongarero, deputy national chairman, were among 37 officiols and supporters detained by security police.

Although Swapo Is waging o guerrilla war for Namiblan independence, the organisation is not banned inside the territory. Swapo meetings, however, are illegal under Namibia's security legislation. Queotin Peel odds: Mr Botha is also expected to address a seminar of international businessmen in Rome today, including chairmen and chio executives from several major multinational corporations. Mr Gavin Relly, chairman of the Anglo American Corporation, is to chair the meeting.

Israeli official quits over 'vote catching'

BY DAVID LENNON IN TEL AVIV

THE TOP eivil servant at the Israeli Treasury has resigned, apparently in protest over the hialant vote-catching policies pursued over the past few weeks by Mr Ylgal Cohen-Orgad, the Finance Minister.

Dr Emanuel Sharon, the director general of the Treasury, told the FT that he had resigned "for objective reasons. not personal reasons."
While he refused to say any more, other Treasury officials said that Dr Sharon was deeply disappointed over the way some of the Minister's recent decl sions were clearly influenced hy his party's need to win votes over the Treasury after the in next month's general elec-

The Cahinet approved the appointment yesterday of Mr Nissim Baruch, the Prime Minister's economie adviser and member of the ruling Herut

member of the ruling Herut deficit last year, he also protake arry, as the new director posed cutting government reneral of the Treasury.

Mr Coben-Orgad, who took sidies on basic commodities on Party, as the new director general of the Treasury.

Mr Javier Perez de Cuellar, Secretary - General opposes the stationing of UN troops in the Beka'a Valley in eastern Lehanon to separate Israeli and Syrion troops there, according to Israel Radio, our Tel Aviv correspondent writes. The Secretary-General yesterday visited the UN Interim Forces

had planned to suggest the redeployment of the UN troops when Mr de Cuellar in Lehanon (Unifit) which have been stationed in southern Lehanon since the premier said over the week-end that the peace-keeping force could be more effective as a huffer between two Israeli withdrawal following the 1978 Invasion. The peaceregular armies. The Seere-

hudgets. To help push this programme economie crisis last October, introduced a series of lough measures to erode wages and eut the standard of living. through he invited Dr Sbaron, who had served for many years as general manager of the Israeli subsidiary of the Control Data Corporation of the U.S., to As part of his programme designed to reduce the \$5bn (£3.6bn) halance of payments

ln position, even though they were compictely overrun durlng the second Israeli invaslou ln 1982. Mr Yltzhak Shamir, the Prime Minister, visits Jerusalem today. The

keeping forces bave remained

reducing ministerial Minister began to case back nn his remedial policies despite the severe difficulties facing the economy

In recent weeks he has adjusted the tax threshold so that 55,000 wage earners will not pay tax, provided new take over at the Treasury.

Ifowever, when the Knesset forced early general elections on the Government, the servants and more recently

agreed to the Defence Minister's demand that the salaries of professional soldiers be raised 18 per cent; police wages were also increased.

Instead of slashing subsidies. Mr Cohen-Orgad has introduced an unbudgeted fuel subsidy, and prices for other subsidised commodities have risen at less than the inflation rate. Further-more, there has been a slowdown in the depreciation of

the shekel in recent weeks. All these policies are clearly designed to bring down the country's hyper-indution which, 1984, ran al a rate equivalent to 400 per cent on an annual

itself, but it means mercased government spending and must damage the Minister's declared primary goal of reducing the balance of payments deficit and the foreign debt whitch rose last year to \$22.5bn.

Heavy fighting

Clash near on Citroen and Creusot-Loire

BY DAVID MARSH IN PARIS

AN INCREASINGLY tense battle of wits over industrial restructuring between the French Government and the country's two largest private sector groups, the Peugeot car concern and the Empain-Schneider engineering empire, is heading towards a showdown.

The companies issued defiant responses at the weekend to Government efforts to break the deadlock over the gash riais at Creusot-Loire, the big international engineering arm of the company to file for bankruptcy after the deadlock over the gash riais at court-imposed timetable.

Schncider group, and the deadlock over the plan for large redundancies at Peugeot's M Didier Pineau-Valencienne, the chairman of Creusot-Loire delivered a response at the weekend to the financial collapse. It needs to Government's lalest plea that creusot-Loire's shareholders put up more funds.

Last-minute negotiations, however, could still bring financial relief to Creusot-Loire, which lost FFr 1.7bn (£14.8m) last month told up further its applitational engineering arm of the control of the Government's latest plea that creusor-Loire's shareholders put up more funds.

Last-minute negotiations, however, could still bring financial relief to Creusot-Loire, which lost FFr 1.7bn (£14.8m) last month cold up further its applitation for lay-offs.

across Beirut 'green line' BEIRUT - Moslem and

with shells and rockets throughout yeselrday after a night of shelling and shooting in which two peonle were killed and 40 wounded.

Residents and radio stations in Christian East Belrut and the mainly Moslem west described the flare-up as the heaviest and longest for several

There was no Immediate explanation for the intensifica

explanation for the intensification of violence, but it coinclded with a vish by the UN
Secretary-General. Sr Javler
Perez de Cuellar.
The fighting forced him to
alter his schedule and fighty
helicopter (rom southern
Lebanon, where he inspected
UN forces, direct to the
Christian town of Jnunleh, nine
miles north of Belrut, for a
connecting flight to Amman via connecting flight to Amman via

Thousands of people on both sides of the "green line" dividing the city spoot Saturday night in basements or slairwells as shells and rockets thudded into densely populated areas. Shelling and fighting usually

IMF approves Yugoslav credit

BELGRADE — THE INTERNATHOUNAL Monetary Fund (IMF)
has formally approved final preconditions for Yngoslavia to
begin drawing on a \$370m
(£264m) stand-by credit, Mr
Vlado Klemencic, the Yugoslav
Finance Minister, sald.
He said the IMF's oxecutive
beard had approved a supple.

In Manila, the Philippines

economic problems, including
the value for Yugoslavia, its foreign debt.

The austerity measures comply with terms set by the intent had to be worked out \$630m for the Philippines.

Tim Coone adds from San Jose:
Agreement by the eod of June between Costa Rica and the lime of the properties of the p

He said the IMF's executive board had approved a supplementary letter of intent setting out Yugoslavia's plans for internal economic adjustments.

Yugoslavia would draw the first instalment of the eredit in mid-June, he added.

The increases ordered were increases ordered were lower level in March, clears. In Manila, the Philippines in March, clears in Manila, the Philippines in Manila, the Phili

emergency By Our Foreign Staft

Peru imposes

PERU was put under a 30-day state of emergency at the weekend as a response to a strike by civil servants which has closed schools, town halls and hospital administrations throughout the country, Ministries, including that of the Economy, have also been paralysed.

dies oway hy daybreak, but ex-plosions and gunfire coulde be heard almost continuously. Reuter



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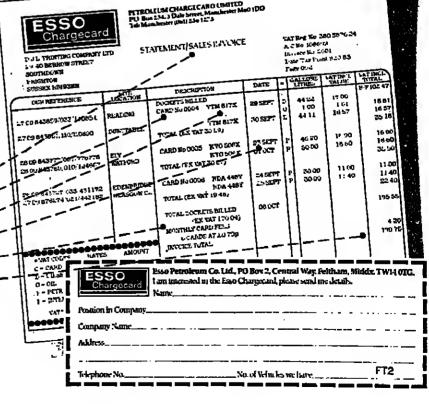
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issued the following London Decloration from Loncaster House of the week-

WE, the Heads of State or Government of seven major industrialised countries and the President of the Commission of the European Communities, have gathered in London from June 7 to 9 1984 at the invitafor the tenth annual Economic

The primary purpose of these meetings is to enable Heads of new jobs will be created on a State or Government to come together to discuss economic problems, prospects and oppor-tunities for our countries and for the world. We have been able to achieve not only closer understanding of each other's positions and views but also a large measure of agreement on the basic objectives of our respective policies.

At our last meeting, in Williamsburg in 1983, we were already able to detect clear signs of recovery from world recession. That recovery can now be seen to be established in our countries. It is more soundly based than previous recoveries in that it results from the firm efforts made in the Summit countries and elsewhere over reccot years to reduce inflation.

But its continuation requires unremitting efforts. We have to make the most of the opportu-nities with which we are now presented to reinforce the basis for enduring growth and the creation of new jobs. We need to spread the benefits of recovery widely, both within the industrialised countries and also to the developing countries, especially the poorer countries has been played by the International Monetary Fund (IMF), whose resources have been of the world economy. High of the world economy. High strengthened for the purpose, interest rates and failure to reduce inflation further and creasingly ready to accept the

Not the least of our concerns ther growing levels of interna-is the growing strain of public expenditure in all our countries. expenditure in all our countries. Public expenditure has to be kept within the limits of what more difficult to sustain the our national economies can strategy. This underlines the afford. We welcome the increas-importance of policies which will

THE seven summit notions governments and in such which met in London last week international bodies as the Organisation for Economic Co-operation and Development (OECD).

As unemployment in our countries remains high, we emphasise the need for sustained growth and creation of new jobs. We must make sure that the industrial economies adapt and develop in response to demand and to technological tion of the Rt Hon Margaret to demand snd to technological Thatcher FRS MP, the Prime change. We must encourage Muniser of the United Kingdom, active job training policies and removal of rigidities in the labour market and bring about the conditions in which more lasting basis, especially for the young. We need to foster and expand the international trad-

ing system and liberalise capital

markets. We are mindful of the conceros expressed by the develop-ing countries and of the political and economic difficulties which many of them face. In our discussion of cach of the issues before us we have recognised the economic Interdependence of the industrialised and developing countries, jobs:
We reaffirm our willingness to

by encouraging the developconduct our relations with ment of industries and services them in a spirit of goodwill and in response to demand and co-operation. To this end we have ssked Ministers of Finance to consider the scope for intensified discussion of miteroational financial issues of particular concero to developing countries in the International Bank for Reconstruction and Development (IRP). tion and Development (IBRD) Development Committee, an appropriate and broadly representative forum for tkls

In our strategy for dealing with the debt burdens of many developing countries, a key role reduce inflation further and creasingly ready to accept the damp down inflationary expectations, could put recovery at risk. Prudent monetary and courageous efforts it requires. In a climate of world recovery that have brought us so far will lave to he sustained and where necessary strengthened. We reaffirm the commitment of our clal system to manage the problems. Governments to those objectives lems that may still arise. But and policies, continuously high or even furdebtor countries and make it

The summit leaders pledged to stick with present policies aimed at sustaining noninflationary economic growth In the industrialised world and to seek to spread its

benefits to developing nations. Prudent budgetary and nonetary policies and efforts to hald down pahlic spending would continue to provide the best chance of an enduring

recovery, they agreed.

But, in several oblique references to high U.S. interest rates, they warned that rising international jeopardise growth and further

of the impact of our policies

where necessary strengthen policles to reduce inflation and

interest rates, to control mone-tary growth and where necessary

reduce budgetary deficits;
(2) To seek to reduce

obstacles to the creation of new

by discouraging flexibility in the patterns of working time.
 by discouraging measures to preserve obsolescent production and behalisment.

(3) To support and strengthen work in the appro-

priate international organisa-tions, notably the OECD, on

increasing understanding of the sources and patterns of

sources and patterns of economic change, and on im-proving economic efficiency and

promoting growth, in particular by encouraging innovation and

working for a more widespread scceptance of technological

change, harmonising standards and facilitating the mobility of

(4) To maintain and wher-

medium-sized businesses.

tion and technology.

labour and capital;

We have therefore agreed:—
(1) To continue with and

upon other countries.

exacerhate the problems of heavily-indehted developing

The seven summit nationsthe U.S., Japan, West Germany, France, the UK, Italy and Canada—identified several priorities for the next year. Among these are: mare rapid adaptation to technological change; greater flexi-bility in labour markets to hring down high unemployment; and a more liberal approach to trade and capital

In their efforts to ease the debt problems of the Third World, the seven said they will seek to strengthen exist-

enhance indigenous food

and energy production. Some of

us also wish to activate the Common Fund for Commodi-

TE LONDON

financial poliry changes, taking

due account of political and

Encouraging the IMF in its central role in this process,

which it has been carrying out skilfully.

Encouraging closer co-opera-

tion between the IMF and the IBRD and strengthening the role of the IBRD in fostering

development over the medium-

social difficulties,

and long-term.

ever possible increase flows of In cases where dehtor resources, including official countries are themselves makdevelopment assistance and ing successful efforts to improve

development assistance and in successful enters to improve assistance through the international financial and development institutions, to the scheduling of commercial debts developing countries and particularly to the poorest countries; to work with the developing countries to encourage more governments and government

ing international organisations and increase the flow of national and multi-national

For these countries which have made efforts to adjust their economies to present economic conditions, they will encourage multi-annual rescheduling of both bank and official debt.

The summit countries could agree no definite date for a new round of trade negotiattons under the auspices of the General Agreement on Tariffs and Trade, but would press ahead with consulta-tions.

practical measures in those term direct investment, just as countries to conserve resources there is need for industrial coontries to make their market more open for the exports of developing countries, so these countries can belp themselves by encouraging investment from the industrial countries

(5) In a spirit of co-operation Encouraging the substitution of more stable long-term finance, with the countries concerned, to confirm the strategy on debt and continue to implement and develop it flexibly case by case; both direct and portfolio, for short-term bank lending. we bave reviewed progress and (6) To invite Finance Minisattach particular importance to: ters to carry forward, in an urgent and thorough manner, their current work on ways to • belping debtor countries to technological change, includ- make necessary economic and ing innovative amall and

improve the operation of the nternational monetary system including exchange rates, sur veillance, the creation, control and distribution of international liquidity and the role of tha sent phase of their work in the first half of 1985 with a view to discussion at an early meet-ing of the IMF Interim Committee. The question of a further allocation of Special Drawing Rights is to be reconsidered by the DMF Interim Committee in

(7) To carry forward the pro-cedures agreed at Versailles and at Williamsburg for multilateral monitoring and surveillance of convergence of economic per-formance toward lower inflation

and higher growth.
(8) To seek to improve the operation and stability of the international financial system, by mesns of prudent policies among the major countries, hy providing an adequate flow of funding to the international financial institutions, and by improving international access to capital markets in industrialised

industrialised and countries. developing alike, to resist continuing protectionist pressures. Ing attention heing given to he conducive to lower interest openness towards private investagencies.

to reduce barriers to trade and these problems hy national rates and which take account ment flows; and to encourage • Encouraging the flow of long- to make renewed efforts to

commodities and services.

10-To accelerate the completion programmes, particularly the 1982 GATT work pro-gramme, in co-operation with in services in the international organisation; to reaffirm the agreement reached at the OECD Ministerial Meeting in May 1984 on the important contribution which a new round of multi-lateral trade negotiations would make to strengthening the open multilateral trading system for the mutual benefit of all economies, industrial and developing; and, building on the 1982 GATT work programme, to consult partners in the GATT

with a view to decisions at an early date on the possible objectives, arrangements and timing for s new negotiating round. We are greatly concerned about the acute problems of poverty and drought in parts of poverty and drought in parts of Africa. We attach major importance to the special action programme for Africa, which is being prepared by the World Bank and should provide renewed impetus to the joint efforts of the international community to help.

community to help.

We have considered the possible implications of a further deterioration of the situation in the Gulf for the supply of oil. We are satisfied that, given the stocks of oil presently available in the world, the svailability of other sources of energy and the scope for conservation in the use of energy, adequate supplies could be maintained for a substantisl be maintained for a substantisl period of time hy international co-operation and mutually supportive sction. We will continue to act together to that

We note with approval the continuing consensus on the security and other implications of economic relations with Eastern countries and on the need to continue work on this audject in the appropriate organisations.

We welcome the further report of the Working Group on Technology, Growth and Employment created by the Versailles Economic Snmmit and the progress made in the 18 areas of co-operation, and invite the Group to pursue further work and to report to personal representatives in time for the next Economic Summif. We also welcome the Summit. We also welcome the invitation of the Italian Government to an international to meet in the conference to be held in Italy of Germany.

liberalise and expand interna- in 1985 on the theme of technotional trade in manufactures, logical innovation and creation of new jobs.

We recognise the intertion of current trade liberslisa- national dimension of environmental problems and the role of environmental factors in economic development. We have other trading partners; to press economic development. We nave forward with the work on trade invited Ministers responsible for environmental policies to identify areas for continuing co-operation in this field. In addition we have decided to invite the Working Group on Technology, Growth Employment to consider what has been done so far and to identify specific areas for research on the causes, effects and means of limiting environ-mental pollution of air, water and ground where existing knowledge is inadequate and to identify possible projects for industrial co-operation to identify possible projects for industrial co-operation to develop cost effective techniques to reduce environmental dam-

age. The Group is invited to report on these matters by December 31 1984. In the meantime we welcome the invitation from the Government of the Federal Republic of Germany to certain Summit countries to an international conference on environment in Munich on 25-27 June 1984.

We thank the Prime Minister Jspan for his report on the Hakone Conference of Life Sciences and Mankind, Sciences and Mankind, organised by the Japan Foundation in March 1984, and welcome the intention of the French Government to sponsor a second conference in 1985.

We believed that manned space stations are the kind of programme that provides stimulus for technological development leading to strengthened economies and improved quality of life. Such stations are being studied in some of our countries with a view to their being launched in the framework of national or international programmes. In that context each of our countries will consider carefully the generous and thoughtful Invitation received from the President of the United States to other Summit countries to participate in the development of such a station by the U.S. We welcome the intention of the U.S. to report at the next Summit on international participation in their programme.

We bave agreed to meet again next year and have accepted the Federal Chancellor's invitation to meet in the Federal Republic

Monetary reform wins reluctant commitment

By Philip Stephens

THE summit leaders gave a commitment to further studies but not necessarily action on reform of the international monetary system and on IMF aid to help heavilyindebted nations rebuild their foreign exchange reserves.

At the insistence of Presi dent Francois Mitterrand of France, however, they set a deadline for completion of the work and for the hroadening of discussions to include lead ing developing countries. M Mitterrand's proposals for a \$15bn issue of Special

Drawing Rights by the Inter-national Monetary Fund will now be discussed by the fund's policy-making interim committee in September. The aim of the issue would be in ease the liquidity prob-lems of many debtor nations and France expects strong support from the representatives of developing countries

on the enumittee.

The U.S., West Germany and Britain, however, made it clear that, while they are willing to talk, they remain far from convinced that a new SDR issue is desirable. U.S. officials indicated that President Reagan had agreed nniy reluctantiy to have a timetable for discussions inserted in the final communique. British and West German officials sald their

governments wnrried about the inflationary impact of a new injection of IMF funds into the world economy. The communique also sums np the reluctance of most summit nations to embark on any major overhaul of the international monetary system. France, still wedded to the idea of a new Postton Woode ides of a new Bretton Woods conference to hring stability to exchange rates and boost the role of the IMF, extracted a promise that studies on the

will be completed by early The conclusions will then be turned over to a meeting of the interim committee in the spring of next year, which President Mitterrand hopes will be held in Parls, As with the SDR issue, how-

international monetary system

ever, most of the summittees made no secret of the fact that they agreed to the time-tables only after considerable

WORLD TRADE NEWS

electrical connectors parts deal

By Paul Betts in Paris

RENAULT, the French state car RENAULT, the French state car group, is teaming up with United Technologics, the diversified U.S. Industrial and electronics conglomerate, in a FFr 60m (£5.2m) venture jointly to manufacture in France electrical states. cal onenectors for the motor industry.

The agreement is the latest example of Renault's current approach to joint ventures involving very specific industrial accords and co-operation deals with major French and international high technology con-

Renault has recently forged Renault has recently forged industrial alliances with, among other groups, Stanley of Japan in the liquid crystal technology sector, the U.S. Coherent company in the field of industrial laser, and Matra in the computer-aided design and manufacturing field.

The venture with United Technologies will involve the setting-up of a joint company with a capital of FFr10m with the U.S. conglomerates holding 51 per cent of the new company and Renault the remaining 49

ner cent.
It witt be based at Decazeville in central France and is due to start operating during the first half of next year. The venture will create 100 jobs in one of the so-called ncw industrial reconversion noles. The French Government has designated a number of troubled industrial areas in France as reconversion poles to encourage new businesses and job creation in areas suffering from the restructuring of mature and declining indust-

tt is expected to have sales of around FFr 100m a year by 1986-S7 of which about 50 per cent will involve sales to Renault and the other 50 per cent sales to other European motor manufacturers.
Renault and United Technologics are planning to follow-up the venture in electrical connectors with another venture in-volving electric car cables at Offranville near Dieppe on the

Renault in oloctrical U.S. in space row French win Florida rapid Anthony Moreton, Textiles Correspondent, looks at the MFA with the EEC

BY NANCY DUNNE IN WASHINGTON

THE latest attack against EEC subsidies has been launched by the fledgling U.S. commercial space industry which fears it will lose business to European competition.

Notwithstanding the hillions of government dollars which first propelled the U.S. into pre-eminence in outer space,

In a communications satellite launched for the 108-nation International Telecommunications Satellite
Organisation tumbled out of control over the Atlantic Ocean over the weekend after It was launched by a new model of Nasa's Atlas-Centanr

rocket, AP reports from Cape Canaveral, Flortda. The missile lifted off right on schedule and everything went well for 23 minutes when suddenly the Centarr upper stage went out of control. The lanneb control center reported the Centaur and the attached satellite were tumbling.

Transpace Carriers, Inc tTCI) has petitioned President Ronald Reagan to seek reductions in EEC subsidies of commercial

representative has until July 9

In its petition, TCI, the first U.S. commercial launch com-pany, complains about three types of subsidies it says has been granted by the European Space Agency (ESA) to Ariane-space, a French led consortium.

These are:-• Free launch facilities. A two-tier pricing structure which allows Arianespace to offer launch services to non-EEC members at less than cost. (This practice is due

to end in 1987.)

• Administrative and technical support from the French Space Agency as well as subsidised mission insurance

rates.)
TCl was formed last year by
a former employee of the
National Aeronautics and Space Administration who struck a deal with Nasa to obtain the material and equipment left over from the now defunct over from the now defunct
Delta launch programme. The
Reagan Administration had
decided to encourage a
"partnership" in space transportation with the private
sector taking over all "expendable" launch vehicles (ELVs) and the Government concen-trating on its shuttle

programme.

For a taunch TCI will lease facilities at Cape Canaveral as well as the services of 200 to 300 McDonnell Douglas Aerorepresentative has until July 9 to review the petition and to decide whether or not 10 initiale an investigation. It would then have one yest 10 study the matter before making recommendations 10 the President.

well as the services of 200 to 300 McDonnell Douglas Aeronautics Company employees. Although it has yet to make its first launch. TCI estimates that these leasing costs will comprise about one-third of the total cost of each launch.

trating

ICI licenses distilling

project to Glitsch

Florida rapid transit bid

ORANGE County in Florida, bas chosen 2 French consortium to develop the initial phase of its rapid transit system, AP reports rom Orlando Florida.

Matra, the builders and opera-tors of the Val (light automatic vehicle) electric powared driver-less rail system, and Sofretu an less rail system, and Sofretu an engineering concern with experience on the Paris transit programme have been selected over three other hidders.

French authorities estimate the segment linking International Drive, e major tourist strip just south of Orlando and Wait Disney World, a distance of 8.4 miles would cost \$172m (£123m), and would carry 30,000 passsengers a day.

passengers a day.

The selection gives the French companies an exclusive opportunity until January to prepare The County Commission and Orlando City Council must approve a franchise contract before Matra and Sofretu can build

David Marsh in Paris writes: Orisndo contract represents the effort by the French electronics and armaments group to sell abroad its unmanned Val metro system developed for the north-ern French city of Lille. The deal follows previous suc-cesses in 1982 by the French

railway equipment industry in signing railear contracts for the New York and San Francisco urban transport systems. It is bound to give a fillip to Matra's efforts to find fresh foreign customary for the Value testing. tomers for the Val system, claimed to be the most advanced and chespest to run in the

M Pierre Mauroy, the Prime Minister, who is mayor of Lille, and Mme Edith Cresson, the Foreign Trade Minister, have both been involved in promoting the Vol. ing the Val system to potential export customers. Apart from the Orlando project, Matra bas also been canvassing the suc-cess of the Val network for planned metro projects in

world.

tors with another venture involving electric car cables at Offranville near Dicppe on the northern coast of France.

Offranville near Dicppe on the northern coast of France.

In all its recent collaboration ventures with international and distillation and absorption has been seeking to reinforce its presence in technological sectors by forging industrial links.

The Orlando metro deal cointended with efforts by state-control deal cointrolled Alsthom Atlantique and other French rail equipment to other French concerns, Renault has been seeking to reinforce its presence in technological sectors by forging industrial links.

The Orlando metro deal cointrolled Alsthom Atlantique and other French rail equipment to companies to who U.S. orders for high speed train networks. Florida is expected to decide technology.

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The Orlando metro deal cointrolled Alsthom Atlantique and other French rail equipment to companies to who U.S. orders for high speed train networks. Florida is expected to decide technological sectors by a distillation and absorption has announced that it has negonated an exclusive world licence for licenses in the early weeks of the conventional processes.

ICI estimates that it has spent about 1/500 of the volume of conventional processes.

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ICI estimates that it has spent about 1/500 of the volume of conventional processes.

ICI estimates processes by a high centrifueal force, so that they require only trolled Alsthom Atlantique and train to Europe the prevai

Mixed prospects for the liberals

increasing clarity as the partici-pants line up to do battle over the fate of the Multifibre Arrangement (MFA), the world agreement which governs most trade in textiles and ciothing. In two years time—July, 1986—the third MFA will expire. What will take its place? Some-thing even more restrictive than

thing even more restrictive than the present accord; something more liberal? Or nothing?
Only this month the British
TUC called for a further MFA.
Hong Kong and other Far East
supplying countries want an end
to restrictions.

In Geneva officials at Gatt have already started work on presentation papers in preparation for a ministerial meeting in November and at the EEC headquarters in Brussels the bureaucrats are considering what the Community position should be should be.

An toltial survey suggests that the West will take a more

liberal approach to trade in textiles and clothing compared with the highly restrictive MFA 3. However, there are worries 3. However, there are worries of cheap imports. that the heavy artillery, in the form of the U.S., might occasionally lob a few shells on its own lines. The U.S. bas a very back to the 1950s, was intended tough, and well-backed, textile lobby and in a presidential election year no candidate is going to take liberties with this division.

As in all textile negotiations the present review of the MFA, a more tiberal MFA 2 which which was to have been completed this year, is running late.

pleted this year, is running late. middle 1970s, the time It was

countries hut it is hardly in a position to put anything sub-stantive before the November

meeting. To the dismay of many in the West the present study takes the view that the phenomenon of competition from low-cost suppliers, countries like Indla, Indonesia, the Philippines, is neither nausual nor unique to the industrial nations. Such competition, it suggests,

should lead to a smooth pro-gression of workers in the developed countries out of areas, such as textiles and clothing, which can be performed more economically by the developing countries, into more skilled

The problem is that the developed countries consider they have not yet completed the period of adjustment offered them by the original MFA to come to terms with a rising tide of chean imports. of cheap imports. The first MFA, introduced in

THE sound of distant gunfire Gatt has produced a study docubeing negotiated, which allowed internal competition is vigorous is beginning to be heard with ment entitled "Textiles and the low-cost countries to increasing clarity as the participants like up to do battle over the fate of the Multifibre studied at official level in many The depression of 1979, which invest.

time for readjustment and, given the economic climate. needed a highly restrictive approach. This it largely suc-

approach. This it largely succeeded in obtaining.

Now, 10 years after atarting along the road to readjustment, it claims it still needs more time.

These claims seem to be less of the existence of trading

sympathetically received now than for a long time and there is a general acceptance even within the West that major concessions to the developing countries will have to be made in the talks which should now The Gatt paper for Instance, questions whether clothing and textiles should any longer be

considered a special case.

It points out that many low-cost countries have since the early 1970s become highly proficient in the production of other goods—sbips, radlos, television, hi-fi, steel and many light consumer goods. Why, it asks, should textiles be a special case if these are not?

should textlies be a special case if these are not?

It is now less easy than ever "the structus before to argue the uniqueness of the competitive chellenge clothing facing textiles and clothing developed countries according to Gatt. And, anyway, evidence suggests that unless in general.

increase their exports to the west by 6 per cent a year.

The depression of 1979, which took an enormous toll on Western industries, killed the optimism and by the time MFA 3 came to be renegotiated the still needed it still needed on competition policy. mind as one omicial put it, is needed on competition policy. Solicitors, estate agents, book-shops, import controls are all being studied carefully.

blocks and the growth of pro-tectionism it is being felt that

Gatt bas ceased to be a set of polite rules between like-minded people and has therefore lost much of its efficacy.

While Gatt bas fongbt hard for the Third World it bas been unable to persusde many of the countries that comprise it to lower their own harriers. The West is incensed at the bigh level of protectionism it encounters in dealings with Brazil or Australia for, instance. Only Hong Kong can really say it has an absolutely free market. The Gatt paper admits that the fundamental issue for the West remains structural adjustment. "In many ways," it states, "the structural adjustment problem confronting the textile and lem confronting the textile and clothing industries in the developed countries is the prototype for atructural adjustment

WORLD SHIPPING REPORT Tanker rates remain high despite a calmer mood

BY ANDREW FISHER, SHIPPING CORRESPONDENT

recent attacks on shipping in last week. the area, but the mood was further incidents.

TANKER RATES in the Gulf oned that only 15 vessels remained high last week after accepted business in the Gulf Brokers said there were calmer in the absence of from the Gulf would herden even further. Gulf freight rates

WORLD ECONOMIC INDICATORS

INDUSTRIAL PRODUCTION

(1975 = 100)Feb. '84 163.1 +14.4Mar. 34 115.2 116.3 119.5 114.6 101.3 112.9 115.2 115.9 113.2 102.7 113.9

 1976 = 100. Source (except U.S., UK, bapen): Eurostet

BY DAYID FISHLOCK, SCIENCE EDITOR IC1 HAS licensed a new royalties, will return its £3m for distilling, research technology for distilling, research and development invented at its central research investment with profit. It is still evaluating Higes for Dallas, Kuwait, Kuala Lumpur and Seoul as well as in several control of the Val network for planned metro projects in Dallas, Kuwait, Kuala Lumpur and Seoul as well as in several control of the Val network for planned metro projects in page 1 and 1 laboratories, to Glitsch, a U.S. It is still evaluating Higee for suhsidiary of Foster Wheeler, its own use in new plants for other French cities.

ICI says its deal with Clitsch. intensifying chemical processinvolving a downpayment and ing operations.

A part of a winder enter in the clothese a freed or Japa- scanty, what many deals does small merous the planned recently between owners and merous involving a downpayment and ing operations.

Miami-Orlando-Tampa rant link, 'charterers. Galhraith's reck-

Employers and unions agree to joint talks

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE MOST senior figures in the Confederation of British Industry (CBI) and the Trades Union Congress (TUC) have met privately in the past few weeks to agree in outline a new approach with the Government to such crucial issues as pay, productivity and unemploy-

aŋ

ifiliality)

In spite of the formidable difficulties surrounding such a joint approach, there is an air of optimism from all sides. If the strategy were successful, it would mark the first time that the Government, the CBI and the unions have entered into serious tripartite talks since Mrs Margaret Thatcher's first electoral victory in 1979.

Those from the CBI taking part include Sir James Cleminson, the CBI's new president and chairman of Reckitt and Colman, Sir Alex Jarratt, chairman of IPC and of the CBI's employment policy commit-tee, Mr Ronald Utiger, chairman of TI, Sir Austin Pierce, chairman of British Aerospace, and Sir Terence Beckett, director general of the

The TUC representatives include Mr David Basnett, general secre-tary of the General Municipal and Boilermakers Union and chairman of the TUCs economic committee, Mr Moss Evans, general secretary of the Transport and General Workers Union, Mr Terry Duffy, president of the Amalgamated Union of Mr Ron Todd, a left-winger, is

tary.

They bave agreed thet discussions on the issues should be undertaken seriously to address the twin problems of high unit labour costs relative to competitor countries and the high levels of unemployment, expecially long-term unemploy-

Both sides believe the best forum for these talks to be the National Economic Development Council

seen as playing a major role in pro-moting policies to combat upem-

The TUC's decision to withdraw its members from the council in March, in protest at the Govern-ment's ban on unions at its Chelten ham communications centre, presents this strategy with a problem which it is now attempting to re-

The TUC's economic committee on Wednesday will discuss the possibility of a meeting between the six union members on the council and CBI representatives later this month - a meeting at which the NEDC's role and scope would be a central topic.

If the two sides could agree to channel substantive discussions through the council and agree an agenda for talks the economic committee would prohably recommend to the TUC general council that the unions resume their seats and begin hard talking.

The unions and the CBI have already shown some agreement - on the talks within the NEDC about new jobs, oo joint approaches to re-gional industrial development and on pressing the Government to in-vest in large-scale infrastructure projects such as roads, bridges and

Engineering Workers and Mr Len
Murray, the TUC's general secregeneral secretary of Britain's biggest union, the Transport and Gen eral Workers, in succession to Mr Moss Evans, when the results of membership voting are officially announced at the end of the month, Philip Bassett writes.

The expected election of Mr Todd, the union's national organiser, is a reaffirmation of its tradition of left leadership, many will see it as a lost opportunity for change promised by Mr Todd's (NEDC), since the government, as one of the council's three partners with the unions and industry, is

Shorter week 'threat to clothing industry'

FINANCIAL TIMES REPORTER

A WARNING that the 39-hour week subsidise their exports, and from for clothing workers, which comes the Far East, which employs cheap into effect in parts of the industry labour." on August 20, could have a serious

big supplier of suits to Marks and a 39-bour week. Spencer, with which it has been associated for over a century.

Mr Dewhirst said that the full cost of the reduction in the working is still some way off for large parts of the clothing and textiles indusweek had not been "really understood or appreciated by the union. An hour off the working week

Although Mr Dewhirst is unhapeffect on the industry has been given by Mr Alistair Dewhirst, chairman of L J. Dewhirst. The Humberside company is a among the last to move from a 40 to

This was first introduced around four years ago in engineering but it try. Some 80 per cent of British in dustry is now on the shorter week.

While clothing makes the change represented more than an extra week's holiday every year. This is in August the knitting industry and a heavy burden on an industry the cotton spinners and weavers do which competes with low-cost im- not make the switch until the start ports from Eastern Europe, who of next year.

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FTF/Joo/84

BOTH SIDES IN COLLIERY DISPUTE SPEAK OF REALISM

Union optimistic over coal board talks

BY OUR LABOUR STAFF IN LONDON

MR PETER HEATHFIELD, gen- week. After a second round of talks eral secretary of the National Union last week, Mr MacGregor said he of Mineworkers (NUM), yesterday detected "a degree of realism." This sounded an optimistic note about week's talks are expected, as bethe continuing talks between the fore, to be beld in a secret location union and the National Coal Board in an attempt to reduce the public over the 13-week-old dispute over pressure upon them.

He said that Mr Ian MacGregor, still refusing to disclose any sub-the NCB chairman, was now prop-erly negotiating with the union for cussion. But it is clear that the talks last year.

At the same time, however, Mr Arthur Scargill, president of the NUM, insisted that there would be

draconian bail conditions.

Publicity surrounded the I9-day detention of Mr Malcolm Pitt, the

Kent area president of the National Union of Mineworkers (NUM), who

was released last Thursday with a

£100 fine - but the same day another 15 miners went into custody

for refusing to accept bail condi-

BY DAVID GOODHART, LABOUR STAFF

Both the board and the union are the first time since his appointment are genuine negotiations aimed at finding common ground. Mr Heathfield, speaking publicity

Ms Helena Kennedy, a barrister

who bas been working for the

NUM, says many miners she is rep-

resenting bave now decided on

principle not to accept any bail con-ditions. That could mean bundreds

of miners in prison - so far almost

3,500 mioers have been arrested

yesterday for the first time since last week's talks, said of Mr no compromise by the union in the MacGregor's perception of "a dealks.

Further discussions will take that he was being realistic for the

scribed the talks as very amicable, sions. "We are in the position now where we are really negotiating for the first time since be (Mr MacGregor) became chairman of the board." He

knock counter proposals about."

There is unlikely to be anything concrete from the talks this week to put to the monthly meeting of the NUM's executive committee on Thursday. But Mr Heathfield said the talks this week would "try to put some flesh on the skeleton" of what had come out of the discus-

The executive seems most likely port or investigate the basic cause - to reaffirm support for the strikes fear of unemployment.

The NUM general secretary de- and to endorse continued discus

became chairman of the board." He added: "He was willing to talk and knock counter proposals about" wanted to negotiate because it knew it was losing the dispute.

tions were imposed.

Mr Scargill, addressing a rally for

jobs in Londoo, said that the dis-

Mr Neil Kinnock, the Labour Party leader, said yesterday that it was an act of "utter irresponsibility" by the Prime Minister not to have used the power of her office to resolve the dispute, rather than inflame it. He criticised press coverage the dispute and said that most of the press had refused to try to re-

Many more miners expected to refuse bail terms AN INCREASING number of picket struction, had been kept in custody eting miners are expected to be sent to jail in the coming weeks for refusing to accept what they see as

tions have been deliberately used by the courts to reduce the impact cluded banning people from a coun-ty - usually Nottinghamshire - and In the early stages of picketing, attending NUM demonstrations. In arrested miners went straight for trial and usually received small the past two weeks both Derbyshire and Yorkshire have reported memfines. As the courts became clogged, bers having 8pm to 8am curfews imtrials were delayed and bail condi-

ICL holding talks with Government on sale of Inmos

BY JASON CRISP

Government about the future of In- other 25 per cent, mos, the state-backed microchip

The discussions are part of an atmicrochip technology in Britain. The Government is considering an offer from American Telephone and Telegraph for Inmos's semicooductor plants in Colorado and South Wales. ICL and other British companies have had talks about the fu-ture of the design team at Bristol where Inmos employs about 70 people, and the implications for technology if it is sold.

The Government is keen to re-

duce its 75 per cent bolding in Inmos, in which it has invested more than £100m in equity, guaranteed loans and grants. AT&T is thought to have offered about £50m for the two plants. The Government's equiinvestment is £65.1m. AT&T would also take over its borrowings which are limited to £35.3m.

Earlier this year the Inmos board rejected a similar financial offer

ICL, the British computer group, and the British Technology Group, confirmed yesterday that it has which holds the government stake been having discussions with the founders and employees own the

Mr Kenneth Baker, Minister for Information Technology, said in the House of Commons last week the tempt to sell Inmos but retain its Government would bear in mind three criteria in addition to price before selling Inmos: "Continuing access to the technology by British industry, the need for a continuing transfer of technology to Britain, and a commitment to the development and expansion of activity in Britain."

The outcome of the discussions on Inmos are still very uncertain. Any decision is likely to be made by Mrs Margaret Thalcher and a handful of Cabinet ministers. The Inmos board is likely to oppose plans to split the design team from the production facilities. That team is well regarded in the semicooductor industry and has been working on new types of microchips which it helieves will become the heart of the next generation of very powerful computers.

from AT&T. Last month, however, it had direct discussions with Mr Norman Tebbit, Trade and Industry

Inmos was set up by the Callaghan Government in 1978 to give Britain a presence in mass market mi-



Government urged to redraft proposals for tax haven curbs

BY WILLIAM COCHRANE

yesterday on Government plans io posals, presented as an attack on the Finance Bill aimed at clamping down on companies which operate trolled companies resident anyout of tax havens

Clauses 80-89 of the Bill, dealing with "controlled foreign companies" (CFC), are likely to be debated in parliament this week. Yesterday, the Confederation of British Industry, the Institute of Directors, the Association of British Chambers of Commerce and the British Bankers' Association said the proposed legislation was so broadly drawn that it would hit British-owned companies trading legitimately in world markets and weaken their competitive

tax havens, extend to all UK-conwhere in the world.

They object strongly to "the effec-tive extension of the territorial scope of UK corporate taxation throughout the world." The CFC proposals are seen as a back-door introduction of an American approach to the taxation of companies' worldwide earnings.

MPs have already been advised to consider whether the new legislation will raise enough revenue to justify its compliance and collection costs. They have also been asked whether a set of rules more narrowing the Government to think again. ly focused on the few genuine tax

A FURTHER attack was launched They emphasise that the CFC pro- haven offenders could not be de-

The four bodies say that certain aspects of the proposed legislation are so technical that many companies will, in practice, bave no clear idea wbether and bow they will be affected. Nothing is more inhibiting for international trade and investment than fiscal uncertainty of this kind," they maintain.

The legislation as it stands hould be rejected and the Inland Revenue should now produce legislation aimed specifically at tax haven abuse," they say. "Failing that, the Finance Bill should be drastically amended to make these proposals acceptable and effective for their avowed purpose.

Increased gas imports backed

BY IAN HARGREAVES

BRITAIN should increase its dependence upon imported gas rather than following a strategy of grow- large quantities at an attractive ing self-sufficiency, according to a paper published today by the Royal and the Policy Studies Institute.

Foreign gas will he cheaper than domestic alternatives, the paper argues. Worries about security of supply can he answered hy hroadening the supply hase from Norway the longer term, Algeria and other African and Middle East producers, UK hy pipeline to the continental gas grid.

says, "could be landed in the UK in price. So far the possibility of a Soviet gas deal has been blocked on

The paper, one of a series examining aspects of UK energy selfsufficiency, bases its projections on the Department of Energy's own hase case forecast to the Sizewell B nuclear power station inquiry. This to include the Soviet Union and, in assumes that natural gas demand will rise slightly, from 47hn cuhic metres (bcm) in 1982 to 50 bcm in That would mean connecting the 1990 before falling back to 47 bcm hy the year 2000 and 40 bcm in 2020. Mr Jonathan Stern, the author of

Gas from the Soviet Union, it the paper, says that even taking a conservative view of the UK's North Sea gas reserves, the country could be entirely self-sufficient in gas hy the end of the century if it chooses to phase out the 25 per cent of supplies currently coming from Norway and rejects the controversial £20bn proposal to import gas from Norway's Sleipner field.

Beyond the turn of the century, however, this approach would require rapid huild up of a coal gasifi-

Gas's Contribution to UK Selfsufficiency. Jonathan Stern for the British Institute's joint energy poli-cy programme; Heinemann Educa-tional C4.50.

Anthony Moreton starts an FT series on industry in post-recession Britain

Tootal takes to the international path

ALAN WAGSTAFF occupies a splendidly modern office on the sixth floor of a new building in the beart of Manchester's business centre. Five years ago, his predecessor as chairman of Tootal, one of the four large vertically-integrated textile companies in the UK, sat in a pleasant office half a mile away in a typical piece of Manchester Victori-

The move, deliberately undertaken last year by Mr Wagstaff, was more than an exchange of one set of offices for another. It was in-tended to set the tone for the new Tootal, to symbolise its withdrawal as a production-oriented company based on conventional textiles to a marketing company developing new links with fresh markets and staying abreast of fashion changes in the clothes world.

Around the same time Tootal, whose product names include English Sewing Cotton, Raysil, Osman and Slimma as well as its company name, switched the headquarters of its thread division, its largest prod-uct group, from Manchester to the U.S. The Lancashire company with strong international links had moved along the road towards becoming an international company.

accomplished without considerable pain. The UK workforce has been reduced from around 17,600 in 1979 to some 8,600 now and the numbers employed overseas have come down from 22,000 to 19,700. Extra output in future will come from improved productivity - Mr Wagstaff does not foresee any significant rise than many of its rivals. What the rein the workforce, Turnover is slightly lower than four years ago, too,

The transformation has not been

WRESTLING RECOVERY

But there has been a great change in attitudes. "Boardroom talk in those days was all about vol-ume," he says. "Nowadays it is about market shares and the return on capital. We are now a marketing nscions company

"The move into this building was important in creating the change. The head-office staff was cut back from around 250 to 60, and that includes everyone, the chauffeurs, se-

curity people, the lot.

"We are moving towards a group
with fewer people at the centre,
fewer at intermediate levels but with a changing mix towards this marketing-finance orientation. reinforced by a simpler structure below and better calibre people run-ning the individual operations in the much more competitively propeople now have to operate."

In fact, Tootal managed to weather the textile depression, which was just taking off in 1979, rather better cession did was to show up starkly the company's problems: "trouble

with its hranded goods; too much emphasis on products (such as towels) which low-cost countries could produce more cheaply: out of date management, the over-emphasis on production at the expense of mar-

to Tootal but often to textiles - are an important piece in Mr Wagstaff's new jigsaw. The head of Osman came from Hoechst with previous experience at Procter and Gamble Lantor International, Tootal's nonwovens subsidiary, has a man from ICI; and the group planner is from Serck hy way of the Lex Group.

The increasing withdrawal from conventional textiles - Osman towels being the most recent example has allowed the group to concentrate on a larger throughput of stan-dard clothes to fewer but larger buyers, thereby taking advantage

In particular, the company has set its cap at Marks and Spencer. Mr Wagstaff says this is one of the three growth areas the company has identified, though he will not be drawn on the other two. The Marks word for quality and reliability, has developed strongly in the past few years and the Slimma Wales opera-tion which supplies it has expanded considerably.

As a result of the withdrawal from conventional textiles Tootal is also better placed to meet the short, sharp runs dictated by rapidly changing fashion that retailers are now demanding. "There are now significantly fewer traditional Lancashire-type vertically integrated textile manufacturing operations in the UK. This bas given us the flexinility to meet rapidly changing fashion in the market place," he

Overseas, too, there have been important changes. To some extent there was always an attitude in Tootal that it was easier to make money overseas. So our expansion m markets in newly emerging countries by setting up production units there. Calico Printers had works all over the place and this international approach rather led up to the countries of profit. Such dependence is causing some concern within the group and efforts are being made to create a better balance.

There are also and the countries of profit. Such dependence is causing some concern within the group and efforts are being made to create a better balance. look British problems."

By rationalising production facilieration in Australia, where chau-recovers we shall vinism allied to nationalism forced take advantage." the company into a corner, has seen

TOOTAL'S KEY FIGURES 1983-84 1979-80 17.18 Profit (Em) 387 Exports from UK (Em) 44.7 28,300

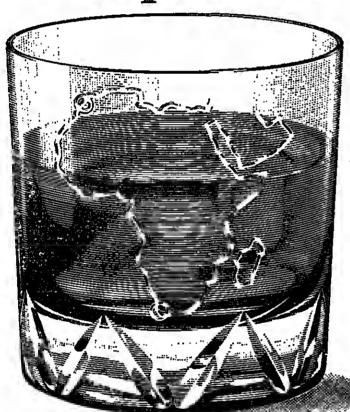
Employees Capital employed (£m) 168.3 tained but margins were extremely competitive and we did not do at all well. We are giving a lot of attention to this so there should be a much improved performance this year."

There is also a heavy dependence on sales of sewing thread cotton to the housewife. This product, which has only steady growth prospects despite the vast output - Tootal makes enough to span the world every hour - now accounts for two-thirds of profit. Such dependence is

Africa, where the market for wax-printed fabrics (made in Lancashire and exported) has been severely ties overseas as well as in the UK, Tootal has managed to bring its deht-to-equity ratio down signifi-says this product makes the cream cantly. The sale of the Bradmill op-eration in Australia, where chau-recovers we shall be well placed to

Conversely, in non-wovens Tootal gearing fall from over 60 per cent to a much more manageable 31 per which is growing rapidly, by 10 per Despite all the improvements, products such as washing-up cloths, though, there are still areas where suit linings, surgical dressings or Tootal is weak. "Branded goods has hospital sheets. Tootal is sharper had a very unsatisfactory year," Mr and better organised than it was Wagstaff says. "Volume was main- five years ago in this field.

From Casablanca To Cape Town.



Johnnie Walker Red Label

THE CLASSIC SCOTCH WHISKY ANYWHERE.



Assisted areas map 'should be redrawn'

By our Regional Affairs Editor

THE Government has missed the opportunity to make a fundamental on assistance to industry, according to the Association of British Chambers of Commerce.

In its submission to the Department of Trade and Industry commenting on the White Paper (policy document) on regional industrial development, it suggests the aim should have been to establish a much-needed national strategy for

The association reiterates its sup-port for a much more selective aid policy, which it considers would give better value for money, and calls for a fundamental reappraisal of the assisted areas map.

It would make sense, the association claims, for the map to be drawn according to local authority bounda-ries or even the boundaries of wards or groups of wards.

The main criterion for assistance The main criterion for assistance should be high unemployment, particularly where it is long-term. Assisted-area status might become automatic when unemployment in an area went above 15 per cent, but such status should be for a fixed time after which it should be automatic. matically reviewed.

While accepting that the grant system should be more cost-effective and job-related, the cham-bers do not believe that the immedi-ate creation of jobs should be the sole criterioo for aid.

"The viability and efficiency of the projects suppported are also of fundamental importance, they say.

They firmly oppose any cuts in the amount spent on regional aid, but say that if there is any phasing out, the savings should be used to strengthen selective assistance scheme and, in particular, infra-

Funds from the European Eco-nomic Community should not be used to disguise cuts in the UK regional budget

Industrial Development: Towards a fairer Deal; Association of British Chambers of Commerce 212a Shaftsbury Avenue, London WC2.

Idle merchant fleet tonnage at lowest level for 18 months

BY ANDREW FISHER, SHIPPING CORRESPONDENT

hipping tonnage in world fleets fell further to the lowest level for 18 months at the end of April, accord-ing to the General Council of British Shipping (GCBS). Freight rates continued their gradual recovery throughout May.

The idle shipping total fell to 77m deadweight tons - 11 per cent of world tonnage – at the end of April, or 1,566 ships, from 80.4m dwt (1,629 ships) the month before. The peak was 100.5m dwt in May last year.

World trade was now moving the right way, the GCBS said, but it warned there was still far to go be-fore supply and demand, especially in the bulk carge sector, were in

It was thus unfortunate, he said,

could rise to remunerative levels.

THE VOLUME of idle merchant covering from 97 in February. A year ago, it also stood at 115. The highest level was 275 in April, 1980. Most of the laid-up ships are

tankers. About 19 per cent of the world tanker fleet is still idle, with the April total easing to 58.2m dwt from 59.7m dwt the month before. The UK idle tonnage total remained above the world average at 13 per cent of the fleet or 3.4m dwt,

mostly tankers. Mr Patrick Shovelton, director geoeral of the GCBS, said the signs of a pick-up in world trade indicated

It was thus unfortunate, he said, better balance and freight rates that the UK Chancellor had recould rise to remunerative levels.

The GCBS's tramp trip charter the latest budget last March and alindex (1976 = 100), which measure single voyage rates, rose another four points in May to 115 after reindustry's investment prospects."

WORLD	IDEC SHUTTIN	a fun anch	
	Dry cargo	Tankers	Total
une 30, 1962	6.5	52.8	59.3
ecember 31, 1982	23.6	60.1	83.7
une 30, 1983	25.0	72.9	97.9
ocomber 31, 1963 .	23.0	56.8	79.8
pril 30, 1984	18.8	58.2	77.0
	Source: Ger	neral Council of I	Brush Shippin

Motorcycle sales trend starts to improve

BY JOHN GRIFFTTHS

THE FIRST stirrings of recovery for the deeply depressed powered two-wheeler market in the UK emerged last month. Sales were still down by 12 per cent compared with May 1983, but they were 21 per cent down in April, and 28 per cent down in March compared with the same months of last year.

Mr Pat Myers, president of the Motor Cycle Association, described the improving trend as encourage.

Last year was one of the worst in the industry's history. Only 174,000 machines were sold, little over balf of the 1980 level.

Westland signs deal on Australian trainer

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

WESTLAND, the UK belicopter British-designed and built Firera A-20 basic trainer aircraft in Eu-rope, if it is selected by the RAF as The Ministry of Defence is ex-

A memorandum of under-this year. It has already insisted standing has been signed between that whichever aircraft is chosen, it tium, to establish a joint company competitors recently have been

basic trainer aircraft on the shortlist for selection by the RAF to replace the ageing Jet Provosts.

others are the Swiss Pilatus Embraer Tucano, supported by Weston-Super-Mare, Cowes and Short Brothers of Belfast; and the Milton Keynes.

manufacturing company, will un-cracker, from Firecracker Aircraft, dertake the production and sales which as yet has no major producpromotion of the Australian Wami- tion capability signed up in its sup-

Sir Basil Blackwell, deputy chair- will require either majority or total man and chief executive of West- manofacture and assembly of it is land, and Mr Peter Smith, director the UK, of the Australian Aircraft Consor- This explains wby the foreign

pected to announce its choice later

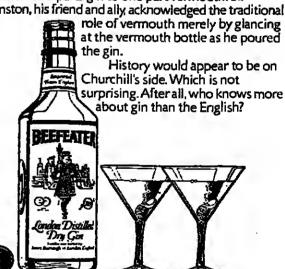
to manage the promotion, sales and signing deals with UK manufactur-manufacture of the A-20 in Europe. The A-20 Wamira is one of four Announcing its deal with the Australian group, Westland said that sbares in the new company would

be beld jointly. Any A-20 aircraft sold in Europe PC-9, with British Aerospace sup- would be huilt and assembled in the porting that venture; the Brazilian UK at the Westland factories at

ROOSEVELT AND CHURCHILL: ATALE OF TWO MARTINIS

Concerning affairs of state, these two great statesmen were frequently of a single mind. But in the mixing of dry martinis, there was a parting of the ways.

FDR enjoyed his dry martini in the then traditional manner: two parts gin to one part vermouth. Sir Winston, his friend and ally acknowledged the traditional



THE GIN OF ENGLAND

an Aims Latest

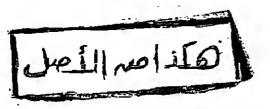
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Pan Am's 19.00 flight. The latest way to arrive in New York.

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THE GOVERNMENT'S CASE.

THE METROPOLITAN COUNTY COUNCILS'CASE.



THIS WEEK, THE LORDS WILL LOOK AT BOTH SIDES OF THE ABOLITION ARGUMENT.

The Government's controversial Paving Bill is about to

enter the House of Lords.

rain

Designed to cancel next year's scheduled elections for the six metropolitan county councils, it paves the way for the abolition of these authorities.

Unheard of in peace-time, the scrapping of elections sets a very dangerous and disturbing precedent.

Constitutionally suspect, it has nevertheless been forced. through the Commons by a Government which refuses to listen to reason.

Effectively denying 18 million people the fundamental right to vote, this, and the wider issue of abolition, has caused widespread concern throughout the country.

Although the Government won't admit it, literally thousands of highly critical responses have been made to the proposed legislation.

Most of them from totally unpartisan quarters. And some from elder statesmen of the Conservative party. But it seems the Government's mind is made up.

"What has been revealed is how little prior thought went into this programme in advance not only of the election and the manifesto but the publication of last autumn's White Paper. Debaters in the Lords must not let ministers escape with interim arrangements which manifestly abrogate their own principles."

TIMES LEADER, 24TH MAY 1984

"It could in no sense be construed as a defeat for the Government if it were now to decide that it needed more time to consider how best to reorganise urban local government. The complexities demand a great deal more work to ensure that what follows is not less democratic and less accountable."

FINANCIAL TIMES LEADER, 8TH MARCH 1984

"The bill will go through, that is unless the Lords show more gumption than they did with the rate-capping legislation. In this case they should do so, for whereas the rate-capping bill has dubious constitutional implications this one is downright improper and would be thrown out by a Supreme Court had we had one." PETER JENKINS, THE GUARDIAN, 16TH MAY 1984

"The Government's stand over rate-capping and the abolition of the big metropolitan councils has cost Mrs Thatcher's party a large number of votes. The message to Mrs Thatcher is: Stop! Look! And listen! There is a lot of discontent in this country, more than you seem to have realised."

DAILY STAR LEADER, 4TH MAY 1984

Somewhat prematurely, it considers itself to be home and dry, with the Lords only needed to rubber stamp the decision it has already made.

DEFENDING THE INDEFENSIBLE.

. No wonder the Government is against talking things

The little it has said on the subject has done nothing but damage its own case.

For example, Environment Secretary Patrick Jenkin claimed his plans would streamline local government and improve efficiency. Yet there's overwhelming evidence that abolition would be a costly and senseless move. Creating a vastly more complex and less accountable tier of local

He speculated that savings of up to £120m a year could be made. But a team of top financial analysts showed that abolition could actually cost hard pressed ratepayers another £61m a year, and require an extra 1400 town hall staff.

In truth, the Government's plans are inadequate and illconceived, barely concealing its true motive. Abolition for reasons of political expediency.

However, what's particularly ironic about the whole affair is that we, the metropolitan county councils, have never claimed the present system of local government to be perfect or above change. We are more than willing to participate in any full and independent review of local government structure and finance, a review which the Government is curiously determined to avoid at any cost.

As the Bill is debated in the Upper House, we hope their Lordships will see this ignoble plan in its true colours.

And, as guardians of the Constitution, (the Commons having abdicated the responsibility), do the only proper thing.

Especially given Mr Jenkin's frank admission to leaders of the threatened councils only last week. When, challenged to point out a single error or misleading statement in the very substantial case we have presented publicly, he could not do so.

"It is incredible that a Conservative Government should be acting in this thoroughly un-Tory manner: unbelievable that its backbenchers are more concerned in putting party before country that they will not heed the voice of reason from so many of their own eminent statesmen."

LOCAL COVERNMENT REVIEW LEADER, 19TH MAY 1984

"It is a bad Bill, and it is paving the way for a worse Bill. It immediately lays the Conservative party open to the charge of the greatest gerrymandering in the last 150 years of British history.

That is what we, as a party, are being exposed to."

MR E HEATH, 11TH APRIL 1984

ISSUED BY THE METROPOLITAN COUNTY COUNCILS OF GREATER MANCHESTER, MERSEYSIDE, SOUTH YORKSHIRE, TYNE AND WEAR, WEST MIDLANDS AND WEST YORKSHIRE. FOR FURTHER INFORMATION, WRITE TO THE CHIEF EXECUTIVE, GMC, COUNTY HALL, MANCHESTER M60 3HR

Commercial paper market

How to borrow in the U.S.—for less

BY PHILIP STEPHENS

OPENING up the books to a between 50 and 75 basis points were all covered exhaustively team of hard-nosed Americans who want to delve into a company's closest-kept financial secrets is a prospect calculated to send shudders through most

But it is an ordeal braved by a growing number of British companies willing to endure the rigours of the U.S. creditrating system to secure access to New York's huge commercial

paper market.
The reward is short-term dollar finance at rates almost invariably helow traditional bank or money market funds. And it is a market where, for example, Cadhury Schweppes, the UK confectionery and soft drinks group, pays marginally less for its credit than many of the leading U.S. banks.

But it is also a market for \$50m.

But it is also a marker for \$50m.

or individuals by selling them promissory notes.

These notes, which carry a fixed interest rate set in relation to prevailing levels and the issuing company's credit rating, are for redemption in anything from one to 270 days.

The vast bulk is 30-day finance raised hy companies as disparate as General Motors and Unigate; and the traditional reluctance of American investors to deposit too much of their cash with banks has made it a \$175hm market.

The list of British companies

their cash with banks has made it a \$175bn market. The list of British companies

below that charged on normal in the grilling given to Cadbury bank funding linked to the Schweppes. London Interbank Offered Rate (Libor).

Forward foreign exchange transactions can also make it cheaper to raise sterling finance through the U.S. commercial paper market despite the generally higher level of dollar interest rates.

So why, in a world in which international financial barriers

But it is also a marker for the élite; for those companies only which can meet the stringent conditions of the two preeminent U.S. credit-rating agencies.

Save for one or two small-scale imitations the U.S. commercial paper market is unique.

Acting through an investment hank companies raise credit directly from financial institutions, other corporations, or individuals by selling them promissory notes.

\$50m. Issuers have also got to come from the right industrial or commercial sector if they are soling to get the best deal. The two big U.S. rating agencies. Moody's and Standard and Poor's, are kind to high-profile industries like consumer durables or pharmaceuticals. But even the hest-run steel or tyre company will find it hard to come out with a top rating.

Then there are the hoops. The first and most arduous is its borrowing programme. In a typical year that adds up to a saving of hetween \$500,000 and \$750,000. The saving is at an historically low level. A few years ago the margin favouring commer-cial paper over Libor was about 11 points, but has gradually narrowed to around 50 basis

The hard work is not confined

to satisfying the agencies. Separate deals have to be nego-

tiated with one of the hig New

as a dealer and with an issuing and paying bank. Legal and tax problems have also to be

Howarth, though, is in no doubt that it is worthwhile. With top ratings from both credit agencies, Cadbury

credit agencies, Cadbury Schweppes now uses dollar commercial paper to fund tha core of its short-term borrowing, using bank line to cover seasonal fluctuations above that

ironed out

Metal Box, which recently doubled the size of its commercial paper programme, regards that aspect as

David Westby, group treasurer, says that Metal Box measures the cost of commercial paper against Libor-based funds and acceptance credits

The disadvantage of this Geoffrey Jones, Bowater's



PRITICH ISSUEDS AND HOW THEY RATE

seasonal fluctuations above that level. After all fees have been paid,	BRITIS. Industrial companies	Standard and Poor's			Standard and Poor's	Moody's
the company reckons to save around 50 to 70 basis points on	BAT Industries	A-1+	P-1	STATE-CONTROLLED ISS	UERS	
	Beecham		P-1	British Gas	A-1+	P-1
	BICC	A-1	P-1	British Telecom	A-1+	P-1
saving of hetween \$500,000	Boets	Ã-1	P-1	Investors in Industry	A-1+	P-1
d \$750,000.	British Petroleum	A-1+	P-i	Rolls-Royce	A-1 +	P-1
		A-1+	P-1	21023 2103 00 177		
The saving is at an historic-	Britoli	A-IT	P-1	BANKS .		
y low level. A few years ago	Cadbury Schweppes	V-1	F-1			70.1
e margin favouring commer-				Bank of Scotland	A-1	P-1 P-1
il paper over Libor was about	Goldfids. American Corpu.			Barelays	A-1+	
points, but has gradually	(Consd. Goldfields PLC)	A-1	P-1	Lioyds	A-1+	P-1
rrowed to around 50 basis				Midland	A-1+	P-1
ints.	1CI	A-1	P-1	National Westminster	A-1+	P-1
The advantages are not purely	Plessey	A-1	P-I	Royal Bank of Scotland	A-1	P-1
ancial. A commercial paper	St Michael Finance	76-2				
ue also gives a British com-	(Marks & Spencer)	A-1 +	P-1	LETTER OF CREDIT BAC	KED	
		A-1	P-1	PROGRAMMES		
	Redland	A-1	P-1		A-1+	P-1
U.S.	Thorn EMI	Ã-1+	P-1	Bowater	A-1+	P-1
Metal Box, which recently				Metal Box	A-1+	P-1
	United Biscults	A-1	P-1	Unigate		
ercial paper programme, gards that aspect as valuable.	The Resinge: For eritish compares and one of the top two ratings	issued by St	inence on t	he U.S. commercial paper market et Poor's A-1+, or A-1 and the top ming Source: Standar	given by Mo	ody's P-1

of America.
The disadvantage of this route is the extra fee payable for the bank's support and the

Geoffrey Jones, Bowater's treasurer, says the funds are used largely to finance sterling short-term deht. Dollars raised through the commercial paper it a \$175bm market.

The list of British companies issuing commercial paper in New York is still fairly short. But from barely a bandful a few years ago the number has grown to about 30, and now provides the second largest overseas contingent after the Japanese.

The reason is painfully simple, Typically, British companies with a good credit rating can raise dollar finance at merger and divestiture plans in a company's financial position.

funds and acceptance credits and it usually comes out for the bank's support and the suse it at the same price" inability to benefit from the short-term deht. Dollars raised through the commercial paper lishing the company's name in the saven or 90 days. Conservative financial ratios and careful risk management are the qualities they are looking for.

Company stratagy on debt ratios, and careful ratios and car

Company Notices ..

a saving of around 25 basis points compared with tradi-tional short-term sterling

And although it is riding on the back of the Bank of Mon-treal in terms of its credit rating, the company sells tha issues as Bowater paper.

The hoops, Jones concludes, were formidable but the savings well worth it. And barring an unforeseen turnaround in the preferences of U.S. investors a lot of other British companies

may soon be making the same judgment.

Training

Self-development for Texaco UK

BY ARNOLD KRANSDORFF

TEXACO UK's training department is conducting an unusual vidual items.

experiment in an effort to If an item is already on loan. develop the skills of its staff. ment programmes, which use in-house and external courses and conferences, by encouraging individuals to do some of their training for themselves by using the company's own library. This has been supplemented with other training aids.

Texaco implemented the cherry in the clear knowledge.

self-development programme is the company's own library of around 500 separate items, including around 350 books whose subjects range from general management to per-sonnel and financial skills. The rest is made up of video and audio tapes, film and computerbased material for Interactive

learning.
The lending service is administered through a main frame computer at Texaco's computer headquarters in Houston, Texas, where the per-sonnel files of all employees are

Software developed in the UK allows the company to record the identity of the borrower, the category and type of learning aid that is taken away and the length of the waiting list. Requests for material are made through the UK training

FUTURES

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the International Petroleum Exchange.

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the computer offers alternatives The idea is to complement its conventional employee development programmes, which use waiting list of more than one

scheme in the clear knowledge group of consultants from inde-that not all individuals would pendent Training and Educa-want to develop their own skills on a self-help hasis. In design material to get the

want to develop their own skills on a self-help hasis. In the event, the response has been surprisingly good; after six months about 250 people—about 15 per cent of the company's white collar staff—have used the facilities.

This take-np rate has spurred the company to extend the experiment to the entire UK workforce of 3.000.

Simon Cooper. Texaco UK's training co-ordinator, explains that it was difficult to check the effectiveness of the scheme as there were no formal assessments, such as examinations. But many participants have reacted favourably, ha says, with many "coming back for more."

Tha main resource in the self-development programme is the company's own library of around 500 separate items, including around 350 books where the self-development programme form the self-development programme is the company's own library of around 500 separate items, including around 350 books where the self-development produced several computer-based training courses.

Texaco has itself produced an explanationy booklet and a comprehensive directory of the library's contents with a short description of each item.

So far the most popularly requested subjects have been computing, time management and general financial management.

Texaco says that part of the self-development programme is inevitably included computer-based training courses, and the company's own library of around 500 separate items, including around 350 books

Texaco has itself produced several computer-based training courses and intends to develop others on subjects such as creative thinking, time manage-ment and management of financial and physical resources.

The scheme has been in operation for about nine months, so it is still early days to judge whether it is a success or not. The company accepts that more conventional teaching methods could be more effective. methods could be more effective in terms of passing on extra skills, but the trainers argue that the self-development pro-gramme is pure bonus — and cheap to boot,

Perhaps the most encouraging aspect of the whole programme is that a significant number of Texaco employees have decided to take on more responsibility department, where a check is

Contracts and Tenders

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

MINISTERE BE L'ENERGIE ET DES INDUSTRIES PETROCHEMIQUES (Ministry for Energy and Petrochemical Industries)

ENTREPRISE NATIONALE SONATRACH (Notional Company "Sanatrach")

NOTICE OF NATIONAL AND INTERNATIONAL CALL FOR TENDERS

The Directorsta for Production is leunching a national and international call for tenders for the supply of: Electric motors

This call for tenders is intended for manufacturing compenies only and excludes amalgamations, representatives of companies and any other intermediaries otc. In conformity with the provisions of the Law No 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade.

Offers, of which 12 copies should be prepered, should be sent in a double sealed envelope, by registered mail. The outer onvelope should be worded as follows:

"APPEL D'OFFRES NATIONAL ET INTERNATIONAL (NATIONAL AND INTERNATIONAL CALL FOR TENDERS) No HA 456/MI "A NE PAS OUVRIR-CONFIDENTIEL" (DO NOT OPEN-CONFIDENTIAL).

The closing date for receipt of tenders is 40 days with effect from the fimt day of publication of this notice in the Algerian Any tender received after expiry of this period will not bo

Selection will be made within 180 days of the closing date of

this Call for Tenders.

INVITATION FOR PREQUALIFICATION

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INTERIM REPORT for the six months ending 30 June 1984

Number of shares in issue Earnings per share Dividends Interim – declared 7 June 1984 Final – declared 8 December 1983

Net income after taxation

Net asset value per share

Year ended 31 December 1963 (Actual)	Six months ended 36 June 7953 (Actual)	Six months ending 30 june 1984 (Estimated)	Notes
R17 253 000	R8 8 19 000	R8 463 000	182
74 520 000 23,15 cents	74 520 000 11,83 cents	74 520 000 11,36 cents	
6,5 cents	6,5 cents	7,0 cents	
16,5 cents	6.5 cents	7,0 cents	L
458 cents	442 cents	496 cents	3

Notes:

1. The income of the Trust does not accrue evenly over each six month period of the financial year but is dependent on the timing and dividend policies of the Trust's underlying investments. In terms of the rights issue undertaken by Sasol Limited ("Sasol") in December 1983, the interim dividend of 14 cents per share, which would normally have been declared by Sasol during the six month period ending 30 June 1984, was declared in November 1983. The Trust will therefore receive only one dividend from Sasol in respect of the current financial year ending 31 December 1984, which dividend will be received in the second half of the year. Accordingly, the Trust's income for the six month period ending 30 June 1984 has been adversely effected to the extent of R6 30 000 based on its holding of 4,5 million shares in Sasol. Had this re-scheduling not occurred, the Trust's earnings for the current six months under review would have exceeded the earnings for the corresponding six months of 1983, Notwithstanding the aforegoing, it is anticipated that the earnings for the current financial year will not be less than the earnings achieved in the 1983 financial year.

Surpluses on realisation of investments have been transferred to a non-distributable reserve in terms of the articles of association of the company and have not been included in the earnings above.

3. The net asset value shown under 30 June 1984 was calculated at the close of business on 6 June 1984 after deducting

DECLARATION OF INTERIM DIVIDEND

in respect of the year ending 31 December 1984

Notice is hereby given that interim dividend No. 47 of 7.0 cents (1983: 6.5 cents) per share has been declared in respect of the year ending 31 December 1984 payable to shareholders registered in the books of the company at the close of business on Friday, 22 June 1984.

The dividend has been declared in the currency of the Republic of South Africa and cheques in payment thereof will be posted from the offices of the South African and United Kingdom transfer secretaries on or about 20 July 1984. posted from the united in the analysis and the rate of 15% will be deducted from dividents where applicable. Cheques in respect of dividends issued by the United Kingdom transfer secretaries will be drawn in United Kingdom currency equivalent as at 13 keV 1984.

On behalf of the board J. R. McAlpine (Director)

South African transfer secretaries United Kingdom transfer secretaries Hill Samuel Registrars Limited Central Registrars Limited 4th Floor 154 Market Street 6 Greencoat Place London SVV IP 1PL Johannesburg, 2001 (P.O. Box 4844 Johannesburg 7 June 1984 Johannesburg, 2000)

The Leader.



Tosca/Covent Garden

Rodney Milnes

With the fsll-out from Aida harely settling, last week cannot have been the easiest time for en lielian soprano to make the first act of Puccini's opera, wimess some tight tone snd pcculiar intonation, but the warm reception at her inter-act curtain calls visibly surprised and relaxed her. She sang progressively hetter as the

evening wore on. Her soprano is contained and precise, virtually vibreto-free. The tone, a little metallic but warmly so, is very evenly placed, with a strong lower register that she has no need to push and a free top. Despite this, the perfectly voiced high Cs didn't really expand with the authentic vibrancy, but far rather such sssured accuracy than expansion plus wohhle and stridency. This sounds like a



Giacomo Aragali

David Murray

and often unconscionably loud—
on of a much in the sense of
raw noise, for Howard generally
produces excellently round,
well-balsneed tone, but in the
eense of a dynamie level too
continuously high to regieter
any nuances. He crashed into

csrefully hushanded instrument that is going to last a long time. Mise Zampieri uses it with distinction, phrasing with both her Covent Garden debut. Msra musicianship and dramstic Zampieri was pleinly tense in point and being especially generous with her soft singing. The third-act duet wes most beautifully shaped, and she made sense of "Vissi d'arte" in the context of the sction-this is not easy-by patently thinking it through. She is a fine actress. cresting a believable human being out of words and

notes, and distinguishing between the rwo—she actually sang "E avanti a lui" as written. The tension of her dehut safely past, Miss Zampieri ehould prove to be one of the Garden's most distinguished post-Csllaa Toscas. The management seems to agree: in September she opens next season with the same role. The Mexican haritone Guil-lermo Sarabla was also making his house debut. His Scsrpia

was definitely X-rated, mouth working, eyes rolling, hreathing heavily and pulsating with lust, a bit like Charles Laughton in overdrive. Fine, but perbaps better suited to Scottish Opera's arislocratic façede is even more

Cavaradossi muet be Giacomo Aragall's touchstone role at the Garden, heving enjoyed a great personal success when taking it over from a defecting Pavarotti. Once past a dry "Recondita armonia" be struck top form, singing wonderfully hut acting by numbers—to nearas always, almost indecently

Today this giant lies empty and allent, Elsewhere in Turin the Flat cars are produced under the tender care of ewe-somely efficient robots, Whet somely efficient robots, Whet is to be done with the ploneer There are video films of the factory at Lingotto? What is to he done with so much of the ground and experience and early industrial architecture of the 20th century? I wrote 20 firms. The computer aided Leslie Howard/Wigmore Hall The pianist Leslie Howard offered a curious programme on Friday: a dense first half comprising three very substantial without any individual rang works, and a second balf consisting of encore-pleces—rarities, to be sure, but encorerarities, to be sure, but encorepieces nonetheless. There was reason to suspect that they were the real point of the evening, for Howard gave us only a swift tourist's-eyer view of the monumental music that came dree.

Just 122y — thouse in choosing dotted-note phrase in rising dotted-note phrase in like the written in triplets, quite fiscid). The wild haste of his Scherzo in the Chopin, potentially exciting, was compromised by a wildly inaccurate left hand.

A visionary sketch for the future of the Fiat factory in Turin by architects Fehling and Gogel

Architecture

Colin Amery

The fate of Fiat

Way back in 1923 the French architect Le Corbusier wrote that there were two relaied arts, Architecture and Aesthetic Engineering. At that time be fascist version of Tosca than to Zeffirelli's. Sstyriasis emerged and be hoped that the new ing from behind an impeccably spirit just emerging would unite spirit just emerging would unite the two arts and create the peralarming. Mr Sarsbia sings well fect architecture. Many writers when not under dramatic and critics heve identified the pressure (the notes go) and eame need for modern architecto add the old ingredient of art to the new needs of large scale engineering.

When Le Corhusier was writing the great Flat factory in Turin had just heen completed. It was one of the wonders of the modern world. By any standard it was an example of acethetic engineering—half a mile long, five storeys bigh with nut acting by numbers—to hearcomical effect in duet with
Roderick Earle's vivid
Angelottl. Rohin Stapleton
knows exactly when to bustle
this score along and when to
tease it out: his condocting was, Fiat by an engineer, Matte Trucco, and the spiralling con-crete ramps that took the cara to the roof ere as breathtaking as enything designed by the modern day Nervi.

the 20th century? I wrote 20 firms. The computer-aided space travel that is part museum recently about a similar prob- design process used to design and part a travelling experilem facing the owners of the cars has been employed to show ence.

van Nelle factory in Rotterdsm, and in the United Kingdom we have already demolished the Firestone factory and are facing the enormously difficult problem of the redundant power station at Battersea. In Dockland and aloog the Thames the English approach Thames the English approach and the designs of the cars— bas been to knock down as much one brilliant stroke is to have bas been to knock down as much one brilliant stroke is to have as you can get away with—if the etreamlined models of the you stand on London Bridge and rest your elbows on the spot lights to the sound of

and rest your elbows on the spot lights to the sound of slithery stainless steel railing you will be bard put to see any traces of London's riparian varied, ranging from complete varied, ranging from complete demolition to almost total conmercantile life.

In Italy the epproach to the buge redundancy of the Lingolto factory is being spproached by Flat in a most enlightened and intelligent way.

The company is looking for architectural suggestions on ways to adopt the building to a boundary.

The prostrict of roles Italy in a British architects Denus

boundary.
Two British architects, Denys new role or aeries of roles. Until
the end of June the Ideas Invited from 20 of the world's
top architects are on displsy in
the Lingotto fectory in a hrilliantly designed exhibition
(direction Achille Castiglioni), port interchange for the entire region. He expands the station and links Italia '61 to Lingotto by monorail. Helicopters, the metro, the railway and car/ shuttle parking make the whole area the huh of movement for the area. In the old workshops Lasdun creates a world of trans-port—including air, water and

Stirling also fastens on to the idea of making the Lingotto factory into a museum but at factory into a museum but at the same time it becomes a part ruin and part park. A new racing circuit is built on the ground and giant terraces a la Versailles link it to the Lingotto. Huge white marble sphinxes in the form of cars flank these terraces. The museum itself is totally drive in with the glorious rams. in with the glorious ramps exposed by the removal of their

Both the English entries are imaginative and potentially realisable. Some the Italian entries Gsetano Pesce, Renzo Piano and Piero Sartogo reach resims of fantasy that seem to imply the total reconstruction of the entire city.

The architects Hermann Fehling and Daniel Gogel have a bigbly imaginative approach to the Lingotto and turn the four internal courtyards into a long covered gallery with a new high tower above it to give the much needed vertical emphasis Flet are serious about the future of this great industrial complex and their positive approach to re-use of the past is both welcome and stimulat-

(The exhibition Venti progetti per il futuro del Lingotto can he ecen at the Lingotto fac-

Owen Wingrave/Aldeburgh

Max Loppert

The opera presentation of Wingrave power to the 37th Aldeburgh Festival, is opposition; Owen's Owen Wingrave by the Britten-Pears School. Britten's pening is rudimentary, attention ultimate stage creation, a very to diction inconsistent (the uneven but very interesting words of the Narralor's crucial piece of work, desperately Act 2 opening were incompreneeds the festival performance, hensible). The first of two the careful scrutinising of student casts, secure but unthe careful scrutinising of student casts, secure hut un-hasics that such a term implies remarkable, is marked by a to rescue It from the qualified opinions meeted out after first showings on television and then at Covent Gerden. (The 1980 Royal College production in a small theatre is the nearest lacked conviction.

In the new Britten Comthing to the necessary re-sppraisalso fat.)

seemed entirely fruitless. Light single outstanding member, the warm fine-grained distinctive

panion (edited by Christopher Palmer, Faher £25.00) Robin This, frankly, was not it. Holloway proclaims in an essay John Piper's Roysl Opera sets, of revelatory hrilliance dealing borrowed for the occasion, with the Church Parables but borrowed for the occasion, diffused the stage space of the Maltings—something altogether more imposingly oppressive is required. Basil Coleman's production, as given on Friday, is lax in just those areas—the prolonged hounding of the pacifist by his hellicose family, the brilliantly spared and vicious depiction of family claustrophobla in libretto and music—where the opera is nsturally alrong, and still more Institute where it is weak.

The swkward final resolution was here so tamely paced that the whole show scred in retrospect as a demonstration of the switch admirable conducting—the conducting—the conducting—the conducting—the rest admirable conducting—the rest seems dengerously close to piety. Or did so, in this performance: Owen Wingmer switch its full re-evaluation still.

The Clandestine Marriage/Albery

B. A. Young

company, Anthony Quayle emotions reserved decently for omits the prologue that Garrick and Colman wrote for their lang as ber sister is in her play, and we must pick up their theme, "to change rich hlood father, thought ehe has continued in the continue of the continue for more substantial gold." from what we see, No problem there, Roy Kinnear's Mr Sterling is as common as be is richly smart, while neither Mr Quayle's Lord Ogleby nor John Quentin's Sir John Melvil could be imagined with enough brains to earn a living. Both of them are wealthy enough to do as they like, and both believe that Fsnny, the younger Stirling girl, will be bappy to marry them, although Sir John

marry them, although Sir John is already engaged to her elder sister and Ogleby is on the verge of senile dementia. What neither of them knows, but we are told at the very start, is that Fanny is secretly maried to her father's clerk Loveweil.

The play is funny rather than witty. There sren't lines you can take away and quote, but there are jolly situations, such as the scene between Fanny and Ogleby where he believes that every line the simple girl speaks is a declaration of her affection is a declaration of her affection for him. Flona McArthur keeps

In his production for his own rather than beautiful, her father, thought ehe has con-quered the worst excesses of his accent.

Mr Quayle begins in the deepest melancholy, his mouth turned down at the corners like a cod's, bis arthritis hindering bis prances as if he had left the handbrake on. But his good nature bubbles out at last, and be is the one that sponsors the futures of the young lovers.

The young men's parts are not very exciting. Andrew Hawkins makes Lovewell pleasant enough, but nothing more, while John Quentin steers Sir John through his gentlemanly mis-deeds with no feeling that he is more than a thoughtless cad. No fault of theirs; indeed the playing throughout is fast and lively. Some of the shorter parts are attractively done. Norman Mit-chell and Reggie Oliver are hilarious as the two lawyers discussing their cases over breakfast, and Joyce Redman as Sterling's widowed sister Mrs Fanny in her own class pretty rough dignity.

Rare delights of the York Festival

monuments music that came monuments music that make monuments music that make monuments music that make monuments music that mising pronunciation three days a monumentation three days a fluction of the Museum Cardens. Condition of the Museum Cardens. plausihle on the piano. (Readers who watched Glenn Gould's programmes on Channel 4 will remember bis wicked sketch of the musical manners that the Fantasy predicates.) There was little smsil." f " fantssy in Howard's playing: nor was there in his accounts of the Beethoven "Pathétique" Sonata and the Chopin B-flat minor.

Both were speedy, eggressive and often unconscionably loud—

and often unconscionably loud—

Tight scaled-down warmth, though each needed a solider underlying tread. Grieg's own transcription of "Leb liebe dich' and his "Puck" (a fine Sbakespearean vignette) were fluent and graceful — but from there mattera edged toward mere circus. Two more Grieg pieces got very hefty treatment, and with Howard's own version of a Glazunov Valse and a curmen fantasy by Moszkowski reflect—or rather I did—on just performed, and Michael how pleasurable are our Winter's production was that summer festivals in our great rare treat in the theatre, an

dent, on the wonderful little
14th century cburch All Saints
on the Pavement. More hy
design I discovered the splendours of the Railway Museum
(an allotted half hour was unavoldably stretched to en hour
and a balf) and, happiest discovery of all, the stageworthiness of Ran Jonson's Enizone. ness of Ben Jonson's Epicoene

Luropean jazz competition

The third annual IJF European Jazz competition while take place this year at Leverkusen. West Germsny, from October 10 to 13.

The competition is open to jazz groups of any style with up to seven members.

The third annual IJF European Jazz competition will take place this year at Leverkusen. West Germsny, from October in the language of the Mystery Plays was pleasantly offset by the near volumemorary and finer poetry of Piers Plouman, an extract of which about the Seven Deadly Sins was given by the language of the Mystery Plays was pleasantly offset by the near volumemorary and finer poetry of Piers Plouman, an extract of which about the Seven Deadly since the coarse bomespun vigour of the Mystery Plays was pleasantly offset by the near volumemorary and finer poetry of Piers Plouman, an extract of which about the Seven Deadly since the coarse bomespun vigour of the Mystery Plays was pleasantly offset by the near volumemorary and finer poetry of Piers Plouman, an extract of which about the Seven Deadly since the coarse bomespun vigour of the Mystery Plays was pleasantly offset by the near volumemorary and finer poetry of Piers Plouman, an extract of which about the Seven Deadly since the coarse bomespun vigour of the Mystery Plays was pleasantly offset by the near volumemorary and finer poetry the piers Plouman and provide pr pear Jazz Competition will take June 30, and groups must subplace this year at Leverkusen.

Mest Germsny, from October
10 to 13.

The competition is open to
jazz groups of any style with up
to seven members, all below
the ege of 30.

Tote only one major eut,
of Piers Plowman, an extract of
which about the Seven Deadly
Sliss was given by students from
the Centre for Medieval Studes
against the awesome natural
setting of the Minster's East
Window. The etudents, going

Tote only one major eut,
ladies, a pair of pretentious which is the long knighthood
gallants, Sir Jack Daw and Sir
Amorous La-Foole (descended from all the other La-Fooles), speech by Morose in a scene alfrom all the other La-Fooles, and wo streetwise companions sond finally accepts the bridging
the descended from the Centre for Medieval Studes against the awesome natural
setting of the Minster's East
Window. The etudents, going

Window. The etudents, going

mercantile life.

cities and towns, and how lucky evening of scholarly delight and we are. In this respect at least, irresistible physical savagery, to be Britisb.

I stumbled, almost hy accident, on the wonderful little standards.

his nepbew of an elderly recluse, Morose, "a stiff piece of formality" who can ahide no noise. The nepbew, Sir Danphine Eugenie, is after the old boy's money and Initiates a complicated ruse to marry him off to a silent woman. This woman is not what she seems, With characteristic brillisoce

of whom, Truewit, given attractively muscular interpretation by Dogulas Hodge, is one of the most brilliantly prolix and inventive characters in all Elizabethan or Jacobean drama.

And, make no mistake, this play is savage even by Jonson's stsindards.

It concerns the duping by his nepbew of an elderly recluse, Morose, "a stiff piece of formality" who can ahide no noise. The nepbew, Sir bonee might first creak and then Dannhine Eugenie is after the man should be demand too snap should he demand too much of them. His appreciation of his servants' silent acquieswoman is not what she seems.
With characteristic brillisoce,
Jonson extends the arguments
In all sorts of directions,
physical and intellectual, wrapping the whole thing up in a
vigorous play. physical and intellectual, wrap-ping the whole thing up in a feast, music and guests could, vigorous plot involving a col-lege of promiscuous married I note only one major cut,

six kicks to a man who's read Senece?" Quite.

Four years ago Mr Winter unearthed Webster's The Devil's Law-Case. I bope he does many more rare plays, and more frequently, as he moves down to the Mercury in Colchester. Four years ago, too, I enjoyed the Mystery Plays with Christo-pher Timothy as Christ. Simon Ward is now Christ

and, well, I don't know. I think his head is the wrong shape. In 1980, 34 of the plays were represented. Mr Robertwere represented. Mr Robert-son gives fuller versions of just 26. They are performed on a semi-circular grilled and grated platform designed hy Franco Colavecchia which is good for the hell scenes but which other-wise constitutes a scenie impertinence in front of the runied abbey arches. Among the

Sleeping Beauty/Northampton **Clement Crisp**

It is a passing comment upon a crowded house had flocked the enfeebled opportunities for to the show and enjoyed it new classical choreography in thoroughly. this country, as on the The audience was brought continuing predictshility of into proximity, if not slways public taste for ballet in the into touch, with the magic of regions, that Northern Ballet Theatre should have mounted The Sleeping Beauty this year. With 25 dancers (not enough for the garland waltz in an opera bouse) NBT proposes the culminating masterplece of the 19th century ballet. And the staging is largely successful. Petipa's patterns and steps are held true to the Royal Ballet's traditional version by Robert Meade as ballet-master, and given an intelligent frame in Robert de Warren's production.

Mr de Warren, NBT's director, has seen the need for this staging; his public wants evening-long hallets with familiar titles, and the ten-fold abbey arches. Among the amateur ranks there is an outstanding Mary from Jane Snowden and a riotously scene-stealing double from black Keith Jefferson as a resoonant God and a rollicking Herod.

MICHAEL COVENEY

evening-long hallets with scene is familiar titles, and the ten-fold for lts increase in box-office receipts found to examine the lex seasons since be assumed direction of the company is the clearest proof of this. On Friday night, in Morthampton's Dirngate Hall, less so.

into proximity, if not slways into touch, with the magic of the classic dance, albeit stag-ings like this, commercial suc-

cess like this, deny the company what was once the chief reward of a small hallet ensemble: creative energy and the sbaping of new talents. This function, indeed, seems to have passed to our contempor-ary troupes, and NBT assumes the playing-safe role of pur-veyor of the tried and true to people who want nothing other in the theatre.

That said, the staging must be saluted for its respectful way with Petipa's form—even the excision of the huntingscene is well managed—if not for its decoration, which I found too mauve and waxy in components, too Disneyfied. The level of corps de ballet danc-ing was sound, though that of moet solo and mimetic roles was

London Sinfonietta and BBC Singers conducted by Diego Masson with Adrienne Csengery, soprano. Bober-to Gerhard, Finnissy's Ngano (first performance), Boulez and Gyorgy Kurtag. Queen Elizabeth Hall (Tue). (228 3191).

Visdimir Ashkenazy, piano. Revel Mozart and Beethoven. Royal Fes

tival Hall (Wed). ondon Symphony Orchestra conduct ed by Alun Francis in sid of the

ext oy Asun Francis in sid of the British Olympic Appeal in the pres-ence of Princess Anne. Elgar, Brit-ten, Holst and Ireland. Barbican Hall (Wed). (638 8891).

New York Choral Society (Cami Hall): The 24th summer event in which au-diences are encouraged to partici-

June 8-14

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French Without Tears/Derby Playhouse

Michael Coveney

French Without Tenrs, bonding. The mixture of awe griden instead of the living room. This emphasizes the unit 1936, has a reputation for respond to the local siren and hurriedly hollday mood, with Christopher Honer's interesting revival at the Derby Playhouse reveals, there is also something authentically raw and hrash about this look at a group of hright young things thrown together in an informal language school on the south west coast of France.

Using his own experience in just such s cheerfully dilapidated villa, Rattigsn invented a character, the Hon Alan Huward (Julian Freeman), whose career ing, a complicated hundle of The Derhy audience approved dilemma of whether to set up shop as a writer or to enter the diplomatic service was directly zulohiographical. This same character defines his romantic ideal as a girl wbo would have all the masculine virtues end none of the feminine vices, who would be physically unettractive enough to keep her falthful to him and attractive cnough to make him desire her. Isn't that dreedful?

Apart from its engaging comic structure, the play is a fascinatingly truthful study in privileged camaraderie among the sexually uninitiated. Thus Alen and his male cronies in the villa are less despicable, I suppose, than immalure, for all their chauvinist hanter about local tarts, ideal girls and male

respond to the local Silen are figure of supposed experience. Disna Lake, is at the crux of door table en route to the casino, the besch occasionally chair studies. Unfortu-Disna Larc, is at the crux of the comedy. Diana is a soignee English flirt who is less interested in French than in the pupils; if ehe is indeed a hitch, she is certainly surrounded hy some wet-nosed puppies.

door table en route to the casion, the besch, occasionally even their studies. Unfortunately Stewart Laing's design is less well executed than conceived, and some of the costumes are frankly poor. Jane Maud as Diana suggests

Jane Maud as Diana suggests that how the boys see bcr, even perhaps how she projects herself, is not the resi Diana. The glamour of the ailk beach gown is a cloak for all menner of neurosis. The svelte fiirt is, according to this original reading of precious aspic. The Derby audience approved

that comes her way of saying what she feels—that she loves rictus of sexusi bonhomie, the diplay of tanned limbs-all of this is an awkwardly maintsined pose. Mr Freemsn rather overdoes the cmutional immaturity hit, losing a good chance of sdding to the comedy's complexity while Miss Maud spends most of the third acl, her best, buskily

licking her wounds,

The state of the s

costumes are frankly poor.

the Franglais jokes, the drunken fights, the male fancy This Dlana is, in fact, anxious dress, And there is notably fine to move on, and it is a terrify-ing blow when the one chance deft and chubhy "good sort" (rather like s young Nigel Stock), Kelth Osborn as a is thrown hack in her stylishly budding diplomat,
You realise suddenly that Shona Morris as his touching teeth. You realise suddenly that Shona Morris as his touching the subglasses, the teesing amour, and Gilbert Vernon as the henevolently dictatorial proprietor.

Too many scenes are played into the centre of the stage instead of out to the sudienre: this comfortable theatre has tricky sight-lines. And why, having been supplied with a gorgeously recalcitrant maid hy Amsnda Swift, does Mr Honer The other major creetive use a crumpled stage manager liberty taken is the placing of to shift chairs and coffee cups entirely in the between scenes.

The Crucible/Bloomsbury Theatre

Andrew Clements

on the staff of the North Carolina School of Arts. He was born in 1917, studied with Aaron Copland and at the Eastman and Juilliard Schools. In 1962 he won the Pulitzer Prize and the New York Critics Circle Award for his opera The Crucible, with a libretto hy Bernard Stambler sdapted from Arthur Miller's stage play about the Salem witch trials in 17th-Century Massachusetts. The opera is currently receiving its first British run at the Collegiate Theatre in a staging by Abbey Opera; there are further performances tonight and on Saturday.

Stambler's text has inherited a strong bone structure from Miller's original; it is cast into

Ward's idiom could best be LeFevre and an implecable described as eclectic, with definite leanings towards neoDyer.

Rohert Ward is an American romantielsm. The closest com composer and teacher, currently parison would probably be with on the staff of the North Care. the latter's lusciousness and unfailing ear for a good tune. Ward's stylistic volle-faces are sometimes disconcerting: the third act begins with a Puccini-like duet between John Proctor and Abigail Willisms, and euddenly lapses into folksy Americana; elsewhere the seme home-grown melodiee might hutt against neoclassical angularity.

The momentum of the four

acis leaves little room for orchestral development, as husy accompaniments constantly underpin highly wrought vocal lines. Perhaps the lack of any emotional breathing space is the opera's main shortcoming; the noisy orchestral effects do not differentiate the climaxes four acts, each of which has a with sufficient discrimination. consistent dramatic thread. His Anthony Shelley's conducting words are not always ideally ensured that the pace did not words are not always ideally ensured that the pace did not singable; in several of the set-piece arias that punctuate the score sense is sacrificed to the shape of a vocal phrase. But ing is variable: Alexander Gauld the action moves smoothly as the baritone John Proctor the action moves smoothly as the baritone John Proctor without redundancy or inconse has the meatiest role and takes quence and the fierce impact it strongly, while Jacqueline and lesson of Miller's plot is not diminished.

Whether euch a musical treatment provides any positive rained aria. There is a richenhancement is another matter.

Ward's idiam could best be I Februa and an implemble.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Music WEST GERMANY

Hamburg Opera: A Gala concert with Montserrat Caballe and the Opera orchestra conducted by Julius Ru-del. Rossini, Spontini, Cherubini, Wolf-Ferrari, Bellini and Verdi

(Thur).

rankfurt, Alte Oper: Frankfurt's Alte
Oper is staging a Mozart festival
from June 9 to 14. Musical director is Sir Georg Solti. The programme offers a concert with the European Chamber Orchestra and the Mozart Chamber Orchestra and the Mozart specialist Kiri Te Kanawa (Spt. Sm). Further contributors are the Melos Quartet accompanied at the piano by Sir Georg Solti (Mon), and a Janet Beker lieder recital with Mozart, Cavalli, Monteverdi and Haydn accompanied at the piano by Geoffrey Paraona (Tue). The European Chamber Orchestra with violinist Anne-Sophie Mutter rounds off the week (Wed, Thur) ticketoffice (0611/1340-405/406).

PARIS

Paul Kuentz choir and orchestra:
Charpéntier, Bach, Mozart (Tue),
Saint-Severin Church (6338761).
Sodargren, piano: Brahms, Beethoven,
Schumann (Tue). Théatre des
Champs Elysées (7234777).
Michel Debost, Bute, Christian Ivaldi,
piano: Bach, Poulenc, Franck (Tue).
Salle G. Iveau (5632030).
Iream — Ensemble Intercontemporain
conducted by Arturo Tamayo, electronic creations (6.30 pm Tue, Wed),
electronic and instrumental creations by Barbara Kolb and Nigel Osborne (9 pm Tue, Wed) Iream, 31
Rue Saint-Merri (2771233, ent 4843).

Royal Philharmonic Orchestra con-ducted by Yuri Temirkanov with Jean-Pierre Rampal, flute. Mozart and Tchallovsky. Royal Festival Hall (Thur). Naomi Davidov, piano: From Ger-ahwin to Stravinsky, Purcell Room

shwm to Stravinsky. Purcell Room (Thur).

Romnie Scott's, Frith Street: Philip Catherine and Christian Escoude, guitars and Didier Lockwood, violin. (439 0747).

Margaret Price, soprane, Norman Schetler, piano: Haydn, Britten and Schetler, piano: Haydn, Britten and Schetler, piano: Haydn, Britten and

Schetler, piano: Haydin, Britten and Spanish songs by Guridi, Turina, Obradors (6.30pm Tue, Wed, Thur). Théâtre de la Ville (2742277). Ensemble Orchestral de Paris with Jean-Pierre Wallez as conductor and soloist, Tasso Adamopoulos, alto, Frederique Cambreling, harp, Catherine Cantin, flute: Debussy, Murail, Migzart (Wed). Salle Gavean (5532330).

(56 320 30).
Clandio Arrau, piano: Beethoven, Liszt
(Wed). Salle Pleyel (56 106 30).
Jazz Vivant: quartet Wild Bill Davis,
Guy Lafitte, Quattor de Trombone
de Francois Guin (Thur 8.30pm). Ra-

dio France, Auditorium 105. Admissico free. Bemy Leumbrozo, Arianna Goldina. piano duo. Corigliano, Schumann, Stravinsky, Mozart, Milhaud, Ruiz-

Pipo, Ravel (Thur). Salle Gaveau (58 320 30).

Alfred Brendel, plano: Haydn, Schubert (Thur). Salle Pleyel (58 196 30). LONDON

Nathan Milstein, violin, and Georges Pludermacher, piano. Bach, Beet-hoven, Paganini and Franck. Royal Festival Hall (Mon). (928 3191).

dences are encouraged to participate (eveo lent a score) features this week Dino Anagnost conducting the Orpheon Chorale singing s programme of Mozart and Orff (Tue) and Walter Klauss conducting the All Souls Unitarian Church in a programme of Puccini and Rossini gramme of Puccini and Ros (Thur). 57th & 7th Av (8730098).

Alfred Brendel plays Schubert pianosoostas on Tuesday at the Musikverein (858190).

Wolfgarg Schulz, Ilute, and Elisabeth
Leonskaya, piano. Mozart, Prokofiev and Franck. Musikverein
Brahms Saal (Wed).

Vienna Hofbauer. Waltzes and operetta music. Konzertbaus (Thur)

VIENNA

eretta music, Konzerthaus (Thur) (721211).

ne Pack



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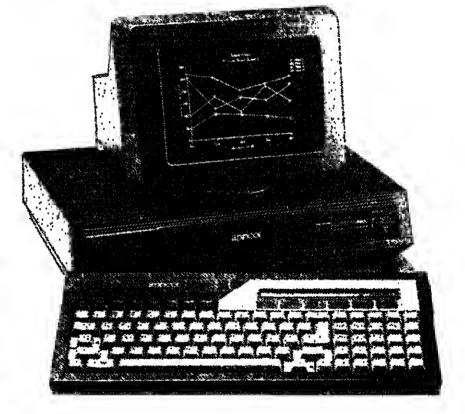
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packages or, to put it another way, you could record a sale, produce an invoice, adjust your stock record and update your profit forecast in a single operation.

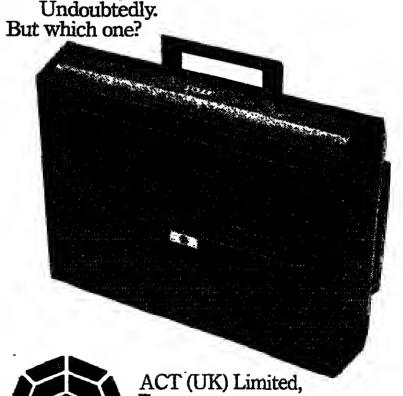
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There'll be an Apricot in the V & A in 30 years' time."



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FINANCIAL TIMES

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Monday June 11 1984

European priorities

warned us in advance not to lent support to the European expect much of this year's Parliament's ideas for greater seven-nation economic summit, political integration in the if we did not wish to be dis-appointed, and her advice was sound. The public result of the meeting has been a display of Western calm, confidence and consensus. Such a trio must inevitably invite counter-accusations of a fourth—complacency, but it can be argued that a meeting which blandly agrees upon the problems of the time, even if it contains few new initiatives to do anything about them, is better than a flaming row. The outcome of the London summit was a lot less dispiriting than that of

It will be bard to escape from blandness so long as there remains a diversity of view between the European countries at the summit, and so long as the U.S. continues to overshadow the other individual economies gathered sround the table. In the absence of a balanced interdependence there is too little incentive for Washington to place the interests of the world at large on the same footing as domestic interests, least of all in s presidential election year. The answer to both points should of course be the collective weight of the EEC: hut the EEC remains divided with its future development in the

a reminder of Europe's divisions. Chancellor Helmut Kohl
of West Germany has sald that
resolve any of these questions,
he did not seek and would not but it may st least show bave accepted an invitation to whether such a victory feast. The fact nations remains that West Germany's must be answered, absence symbolised a failure by As for the European Governments to introduce a more forward looking European feel to the Normandy celebrations,

It is entirely appropriate to remember with honour those who died in the fight against Nazism. It is entirely appropriate to evoke the symbolism of that unimata co-operation between nations from both sides of the Atlantic Ocean.

After 40 years, it is also appropriate to remember that all the damaging babit of national veloes.

President Mitterrand has lent support to the European political integration in the European Economic Community: he and Chancellor Kohl have heen working together on new proposals to put before the European sum-mit at Fontainehleau in a fortnight; and tomorrow the French Government is hosting a special foreign ministers' meeting of the Western Euro-pean Union, to discuss ways of

and

security

Quarrels

Where these initiatives will lead, if they lead anywhere, is an entirely open question At the moment, the European Economic Community is suspended uneasily between the quarrels over s stagnant and divisive past and the imperatives of a more cobesive future. and it is not yet clear which will carry Fontainebleau the day at

Everybody knows that Europe must bear more responsibility for its own security, in alliance with the U.S. If Europe is to reduce its dependence on nuclear weapons, as It must, and move weapons, as it must, and move to more sophisticated conven-tional weapons, then there must also be much closer defence-industry collaboration between

balance. European countries, and stronger political commitment the D-Day anniversary provided a reminder of Europe's divibut it may st least show whether the seven member recognise that they

Must be answered.

As for the European Economic Community, everyhody knows that it must move smartly out of a decade of inertia if it is to have a chance of facing the economic challenge from Japan and the U.S. Even without the accession of two pass member states.

After 40 years, at 1s also an intermediate to remember that walload vetoes.

West Germany has been our ally for 30 of them, and that if Europe now faces the threat be jeopardised if the member from the Soviet Union, it states fall to settle their december for its security almost budgetary quarrel. The Nina the new breed of manager now depends for its security almost budgetary quarrel. The Nina as much on the West Germans as on the Americans.

The paradox is that the French Government, in particular, is currently making unitar, is currently making unitar, is currently making unitar, is currently making unitary and strengthen the links which bind West Germany to its anyone if failure at Entraine. bind West Germany to its anyone if failure at Fontaine-European neighbours, both in bleau leads to a European bilateral ties between Paris and Economic Community which is Ronn and through Europe's even more divided than it is today; and more impotent.

BRITISH MANUFACTURING INDUSTRY

Now, a reason for hope

By Geoffrey Owen

BRITISH manufacturing industry is emerging from pany does best, good at comthe worst recession since municating what they are seekthe 1930s. Is it smaller and ing to do. the worst recession since the 1930s. Is it smaller and veaker, caught in a spiral of better equipped to compete in world markets? A series of articles, starting today on another page of the paper, looks at 15 companies representing a cross-section of the tradedgoods sector; some of them were covered in a similar series, "Wrestling with recession," published in 1980.

For the most part the answers are encouraging. The answers are encouraging. The pain of the past few years has brought substantial improvements in productivity ald management performance. As one executive puts it: "We have gone through, in a compressed time frame, what we should have done before; that

should have done before; tha recession made us go faster."
To others tha losses far outwelgh the gains. "It's been 40 per cent shrinkage against a 15 per cent increase in efficiency," says the managing director of a medium-sized engineering company, who predicts dire problems for tha economy when North Sea oil runs out. "Manufacturing industry will be utterly incapable of filling the gap; the infrastrucfilling the gap; the infrastruc-ture is being whittled away week by week."

This negative side of the pic-

ture can hardly be ignored. Larga chunks of capacity, not all of it obsolete, have been shut

Disasters or near - disasters Disasters or near - disasters bave overtaken such long-established industry leaders as Stone-Platt, Turner and Newall and John Brown—although only the first of these ne longer exists and even in that case several of the constituent parts have survived under different

Yet these corporate crises need to be kept in perspective. Even within the hard-pressed engineering sector, a good many sound companies — GEC, Hawker Siddeley, Dowty and APV among them—have come APV among them—have come through the recession, if not exactly unscathed, with no

exactly unscathed, with no serious damaga to their record of consistent performance. Certainly British industry is operating from a smaller base than five years ago. But there are grounds for believing that the base is sounder. The ioss of employment has been drastic, especially in the big companies as the table shows. But so, too. as the table shows. But so, too, has been the advance in productivity. British Steel and British Leyland, two chronic lame ducks, now match German

running large parts of British industry. In several big groups boards seem to have gone for the adventurous rather than the safe choice for the top position. These men tend to be direct, unpretentious, uncluttered by tradition or sentiment, less interested in building empires

John Kerridge at Fisons has

Christopher Hogg at Court-aulds has forced his managers to look outwards rather than inwards, to concentrate their attention on the market and the customer rather than on pro-duction or on doing what the bead office asks them to do. Ha has decentralised responsibility imposed strong financial disci-

Geoffrey Kent has begun to transform the management culture of Imperial Group. He

THE NEW BREED

OF MANAGER

In several big

groups, boards seem

to have gone

for the adventurous choice'

decline, or is it leaner, fitter, a clear strategic objective—to concentrate the company's re-sources in attractive industries and to be an effective global competitor in those industries. This has meant doing the un-thinkable — getting out of fertilisers, Fisons' original raison d'eire. In the sectors where the company has chosen to compete there has been a ruthless attack on costs and a sharper approach to marketing.

> imposed strong financial disci-plines and encouraged people to face up to the outside world. Peter Walters has shaken up British Petroleum, abandoning the traditional wellhead-to-refinery integrated approach of the big oil companies, setting up profit centres for the ten main husbresses and violating many formerly sacred corporate principles along the way. He has brought in outsiders to challenge the supremacy of BP's old guard and, most difficult of all in a company of BP's size, produced faster decisions.

has brought greater cohesion to the group through a more systematic setting of objectives,

WRESTLING WITH RECOVERY

	. 1983	1977	% change
British Steel	21,100*	209,000	-61
BL	21,261	171,943	-53
British Shipbuilders	62,583	87,569	-28
ICt	61,800	95,000	-35
Courtaulds	56,336	112,009	-50
Lucas	49,042	68,778	-29
GKN	33,600	73,196	-52
TI	25,100	61,777	-59
Dunlop	22,000	48,000	54
Vauchali	20,527	30,180	-32
Massey Ferguson	13,066	21,486	-39
Talbot	7,109	22,800	-69
GEC	136,944	156,000	-12

Nore: In some cases, including BL, British Steel and TI, the reducti reflect sales of substituries to other companies.

tighter financial controls and the application to each of the business units "best practice" criteria, based on an analysis of the best-managed international companies in the relevant

Nell Shaw, 55, group manag-ing director of Tate and Lyle since July 1989

group recognise itself for what it was—a large, bulk commo-dity, low-margin business—and adjust its habits and management practices accordingly. The business bad to be reshaped to cope with the consequences of started by individuals who saw Britain's membership of the self-employment as the only Community; it was a matter of alternative to redundancy or unfacing up to the painful deci-

At Tate and Lyie, too, cul-tural change was needed. Neil Shaw, s Canadian, made the



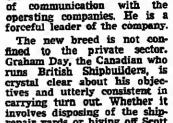
Christopher Hogg, 47, chair-man of Courtaulds Since



Graham Day, 51, chief executive of British Shipbuilders since September 1983







and unconventional, has been a

catalyst for change in ICI. He has reshaped the structure of

do. In a job subject to strong political pressures, be has shown courage and determination in trying to get commercial shipbuilding into a shape where it can, if not make profits at least survive on the profits, at least survive on the smallest possible level of government support. If there has been a demon-

strable improvement in management performance at some of the country's biggest and bestknown companies, this has an exemplary effect down the line. Meanwhile, at the other end of the size spectrum there has been a flowering of entrepre-

neurial effort.

Record numbers of start-nps have been created and a new type of entrepreneur seems to have emerged. New businesses have been

employment; others are the



John Harvey-Jones, 60, chair-man of ICI since April 1982



Sir Peter Walters, 52, chair-1981

sions—much surplus capacity
was shut down. A simpler organisation was installed, with
clearer lines of responsibility.

John Harvey-Jones, irreverent

result of executives in established companies spotting a
market niche and moving off on
their own (take, for instance,
High Integrity Systems, a high technology company in the defence field, whose five founders were former executhe board and shortened lines of CTT); and increasing of communication with the operating companies. He is a have achieved their independence through management buy-outs.

The new breed is not confined to the private sector. Graham Day, the Canadian who runs British Shipbuilders, is crystal clear about his objectives and utterly consistent in carrying turn out. Whether it involves disposing of the shiprepair yards or hiving off Scott Lithgow to the private sector, be does what be says he will do. In a job subject to strong

Government policy has added impetus to these trends, most significantly through redncing higher rates of income tax and helping small firms during the

Risk-takers have also been supported by the financial community, especially through the remarkable increase in the supply of venture capital; cur-rent estimates suggest there are rent estimates suggest there are over 100 different funds, compared to a handful just five years ago. Much of the money is going into relatively low-risk, established businesses and investment managers are highly selective about the companies they will back. But those venture capital funds which like ture capital funds which like to get closely involved with the companies in their portfolios— bave added a new dimension to small company finance; one example is the contribution of 3i Ventures to the development of Rodime, the Scottish manu-facturer of computer disk

A further ground for confidence, at least in the near term, is industry's greatly improved financial position. The general picture is one of buoyant profits combined with a still cautions approach to capital spending— although the latest surveys show although the latest surveys show a healthy rise in investment intentions. According to stock-brokers Phillips and Drew, pretax profits of industrial companies rose by 25 per cent in 1983, and are forecast to grow by another 20 per cent or more in 1984.

This prosperity has pushed net balance sheet gearing on average down to the lowest level for at least 10 years taking short and long-term borrowing together. If the short-term picture is looked at separately, many companies are now cash

Abova all, the climate for managing a business is strik-ingly different from what it was ten years ago. The shock administered by the recession has brought much-needed changes in attitudes and behaviour. There is a good chance that Britain's new managers and entrepreneurs can maintain the momentum of industrial recovery.

Opportunity in the North Sea

The complaint is that although government figures show that more than 70 per cent of offshore contracts are placed in the UK, if foreignowned UK subsidiaries are excluded and allowance made for other statistical discrepancies.

for other statistical discrepancies, the real UK share of supply contracts is between 25 and 40 per cent.

This, it is argued, represents a huge wasted opportunity, for which excessively liberal government policy takes a hig share of the blame, if the Covernment is really serious to discourage in areas where similar expertise could reasonably be developed by indigenous British companies." Who is to discern? Who to decide?

The sad truth is that too many British engineering companies. Government is really serious about beloing UK offsbore suppliers develop an export capability against the day when British oil runs out, it had better provide better support in home waters first.

FOLLOWING THE recent upgrading of Britain's official estimates of its North Sea oil and gas reserves, it is not surprising that there is also renewed momentum behind the campaign to ensure that British industry gets maximum benefit from supplying the offshore oil business.

A new pressure group, British Indigenous Technology (BRIT), bas heen formed, there has been a spate of studies examining past performance and the air is thick with apeeches by industry leaders.

The complaint is that althongb government figures

The policy bas been used over the years so a means of twisting the oil companies' arms to buy British, so long as this did not get in the way of tha greater goal of speeding the flow of oil. The problem with the critics' case is that it is not exactly clear how they would change things. They deny protectionist intent and speak of more UK R and D, more encouragement for joint ventures to transfer technology, and possibly using the British Technology Group as an investor in high technology, high-risk North Sea ventures.

this not at all clesr, bowever, that the Government
possesses or could possess tha
skills needed for successful
intervention of this kind. One
recent speech by a BRIT
leader, for example, stated that

many British engineering com-panies did miss the North Sea boat in the early 1970s. If they are to recover now and also move into foreign markets, it will take not only more advanced technical capabilities, Implications

The Government is uncomfortable with these arguments. It too is keen to encourage exports, which It in part correctly sees as hinglog upon grealer technical excellence; hence the requirement In the eighth and ninth rounds of North Sea licences that oil companies demonstrale the advanced technical capabilities, but more skilful and aggressive marketing and a willingness to ride the political roller-coaster in other countries, just as the Americans, to be fair to them, successfully stayed on board the British-roller-coaster in the British roller-coaster in the companies did any better in periods when Labour Government policy was more explicilly nationalistic.

companies demonstrale the nationalistic.
implications of their bids for Full and fslr opportunity
domestic research and was a reasonable approach to
development. nurturing an infant industry It has so far rejected, bowever, pressure to rewrite its cannot now grow to adulthood basic policy embodied in the memorandum on full and fair opportunity for UK suppliers. Indicate the infant cannot now grow to adulthood basic policy embodied in the without further help, it is memorandum on full and fair unlikely to flourish in interpoportunity for UK suppliers.

The Thatcher version As everybody ought to know the drafting of a summit com-muniqua is a matter of high

seriousness often proceeding far seriousness often proceeding rai-into the night as the world's cleverest officials seek that simple forceful combination of words which can mean three different things at once.

different things at once.

Thus, this year a draft prepared by Sir Robert Armstrong, Cabinet Secretary, and his fellow "sherpas" before the meeting started declared optimistically that the leaders achieved "a large measure of agreement on our objectives and on the policies to be followed in pursing them."

on the policies to be followed in pursing them."
However, President Mitterrand thought this showed a touch too much concorde, so the word "basic" was inserted to qualify "objectives" and "respective" to emphasise the difference between "policies."
After all this effort, one would have thought that tha leaders themselves would have regarded the final draft with a

regarded the final draft with a regarded the hoat draft with a certain ewe and respect.

But Mrs Thatcher took rather a cavalier attitude to it when she read it nut to the massed array of the world's TV cameras

on Saturday. For a moment it looked as if she was not going to read it at all, but give us instead a cosy summary in a few well chosen

Perhaps when Mrs Thatched was actually confronted by the cameras she was dismayed to find that she had to start read-ing: "We the heads of Gov-

sbe probably thought. So she left that bit out and zapped straight into: "the primary purpose of these meetings...."
Emboldened by this auccess, Mrs Thatcher decided to giva a fairly free rendition to the For those wanting to make a and set up the Harvard Manage-remaining 2,000 odd words of foray into nearby Covent ment Company, the first such the text leaving out substantial Garden two U.S. customs agents venture for an American

Men and Matters

John Kerridge, 49, chief executive of Fivons since

comma. Mrs Thatcher's initiative caused a flurry of interest in the ranks of summittologists eagerly waiting to question the leaders afterwards.

Was It coincidence that ehe had missed out the bit about official aid to the third world?

or the vital phrase about multi year rescheduling of official debt. Well, no she said there was no particular significance and Nigel Lawson, her Chancellor, belpfully added that she left out the bits that wouldn't "read" so well rather than investing them with particular signific-

Donald Regan, U.S. Treasury Donald Regan, U.S. Treasury
Secretary, told a worried U.S.
journalist: "In the interest of
time she was just trying to hit
a few bighilghts in this, no
she wasn't trying to duck out."
That is surely the right
explanation. For the leaders
were already running late and
they had an engagement to they had an engagement to dine with a lady whom no one keeps waiting—The Queen.

Spoilt elite

If the 3,000 journalists attending: "We the beads of Government of seven major industrial countries and the President of the Communities, have gathered in London from June 7 to 9, 1984..."

Not the kind of stuff to pursuade the world's millions to switch over from the big match, she probably thought. So she left that bit out and zapped ing the 3,000 journalists attending the summit were cosseted with free beer and food, the 250-strong White House press corps was positively spoilt.

As the rest of the world's press competed for typewriters and pay phones members of this Washington elite seemed to spend most of their time in the bigh-tech splendour of the U.S. briefing room.

Individual direct-dial telephines, almost instant tran-

phines, almost instant tren-scripts of press conferences and at least a dozen ever-attentive U.S. officials mada for little incentive to stray too fur.

For those wanting to make a foray Into pearby Covent

Reagan last year who ploughed swiftly cleared through British dutifully through every disputed customs. But for journalists who bave got used to U.S. Government officials carrying their suitcases on presidential trips, the ways of the British organisers were

Geoffrey Kent, 62, chairman of Imperial Group since

July 1981

perplexing to say the least. The acerbic Sam Donaldson of ABC News voiced one of the many complaints that the "Brits" showed insufficient reverence. Ha protested bitterly at being kept walting for two bours at e photo session and then of being "pushed and shoved" by British sides.

Candy Crowley of Associated Press Radio did, however, have a good word to say for the hosts. A cameraman who turned up at St James's Palace without a tia was turned away, she reported. That is until a helpful British official provided one.

Harvard had a lot of money

invested in downtown Putnam real estate. We decided to sell it and put it into equities which proved to be a very wise "But if we had been really

Harvard's hoard

wise we would bave reversed the process, gone back into downtown real estate." George Putnam, retiring as treasurer of Harvard University, probably the wealthiest in the U.S., looks back on his 11 years in the part-time job. And in spite of the failure to spot Boston's recent property boom, Harvard's finances have prospered under Putnam's guidance.

One of his first tasks when he was appointed was to bring "in bouse" the day-to-day invest-ment management of the university a fortunes. Harvard dropped lis outside investment and set up the Harvard Manage-

chunks as the flow seemed to were standing by to ensure university.
indicate, quite unlike President their tax-free purchases were Based in the heart of Boston's



"Before we start—may I say that your 4.63 per cent is an insult to such a noble, self-less profession . . ."

financial district and with staff of 75 including 20 invest-ment professionals, the management company has beloed to boost the university's endow-ment from \$1.2bn in June, 1974 to \$2.5bn putting it far ahead of Yale and Princeton in terms of wealth.

Apart from being Harvard treescurer, Putnam heads the

Putnam group of mutual funds and expects to spend more time on this side of the business now be has left Harvard. He is handing over to Roderick MacDougall, 58-yearold chairman of Bank of New Egnland, Boston's second big-

Of course

A golfer was showing a friend a new and extraordinary golf ball. "If it goes into the rough, it sends out a radio bleep," he said. "When it goes into water, it rises to the surface: and it glows in the dark."
"Amazing," said his friend.
"Where did you get lt?"—"1
found lt," said the golfer.

Observer

66 I have come to the conclusion. that there must be two differentplaces called Northern Ireland. The first_place I come to regularly - a place I enjoy – the beautiful country and the wonderful people. The second is the place I read about in the papers.99 ALVIN SHOLTESS, PRESIDENT AND CHIEF EXECUTIVE OFFICER. HUGHES TOOL COMPANY, HOUSTON, TEXAS

Uninformed opinions about Northern Ireland have always contrasted with the voices of experience. People are constantly surprised by the numbers and quality of the international companies operating here, the scale of their investment and the success stories they tell. To help to improve both the image and economy of

Northern Ireland, The Northern Ireland Partnership has been formed, representing all parts of the business and professional community.

In June members of the Partnership will be coming to London to tell British management about the real

Northern Ireland of today. Why not find nut more about a place in which other people have invested and where people love to work and live? Find out about the generous financial incentive packages that make it easy to become profitable quickly.

Please join us. Judge us on the facts.

For more information write to:

B would like:	Northern Ireland Partnershij elfast 871 4/X, Northern Ire : In hear more about your L land [] some general inforn	eland. 0232 233233 Ondon presentations or	
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ompany			
osition —			· .
ddress —			
		Tel	



Summit leaders (left to right) Herr Kohl (West Germany), Sig Craxi (Raly), Mr Nakasone (Japan), Mr Reagan (U.S.), Mrs Thatcher (UK), M Mitterrand (France), Mr Trudean (Canada), and M Thorn (EEC)

PRESIDENT Ronald Reagan bers do not make life too diff. came to London last week cult for one of their number looking for an "upbeat" focing respections a problem conomic summit. Mr Yasuhiro Nakasone, the Japanese Prime Minister, said he hoped it would be "bright." In a manner of speaking it was both but anyone partners now seem to believe unwisely seeking excitement in that be will win in November the environs of Lancaster and thus be a House at the weekend would more summits.

have gone to the wrong place. Past summits have often received a shot of adrenalin from an international emergency—usually in the Middle East—or a display of Gallle idiosyncrasy from France but despite the first military clash between Saudi Arabio and Iran on Tuesday, the Gulf remained quiet—and President Francois Mitterrand was positively docile.

The even tenor suited most of the participants. Nobody wanted to unsettle the world oil market by talking of a possible supply crisis, or inject fresh nervousness into the banking system by suggesting that the West doubted its ability to handle the international debt

Mr Reagan wanted a smooth and harmonious conclusion to an extraordinarily successful week of glamorous visits to Ireland and the Normandy beaches. Mrs Thatcher, playing at home for the first time in her sixth summit, wanted to look calmly in control and M Mitter-rand wanted a display of allied unity on the eve of his visit to

Behind It ell, was the clear wish of the majority not to upset Mr Reagan's re-election apple cert. The Americans aold afterwards that Mrs Thalcher and some to great learning to had gone to great lengths to shield him from any possible unpleasantness, actively aided and abetted by Mr Nakasone and Herr Helmut Kohl, the West German Chancellor. Even M Jacques Delors, the French Finance Minister, publicly admitted that there was no desire to "embarrass" a country that was in o "pre-electoral campaign".

One of the unwritten rules of the summit club is that mem-

Change on the

Exchange From Mr S. Evans

focing re-election-a problem they all face sooner or later. This time, bowever, there was an added incentive for politeand thus be around for four

There was, it is true, some "spirited discussion," as Mr Donald Regan, the U.S. Treasury Secretary, put it, of the U.S. budget deficit and high interest rates. M Delors confirmed that the issue had provided the most arised debate. or the whole two-and-a-half days.

High interest rates, tha final communique said, were among the factors that could "put recovery of risk." But despite some tough talk from German and Franch officials auticals the

ST AUGUSTINE'S famous

prayer needs only slight re-drafting to sum up the 17 clauses of the London sum-

O Lord give us virtue, but not

They agreed on the need to curb deficits, lower interest rates, stimulate world trade

and increase the flow of capital to the Third World,

but on none of these issues was there any specific men-tion of delivery dates.

However, in the broadest terms it does add up to a

coherent strategy for dealing with the problems of the debter nations, and particu-larly the worrying "hump"

of debt service payments expected in 1986 and 1987.

outlook for the world debt problems helped the summit leaders to It is clear that darkening

mic declaration—

and French officials outside the meeting, the U.S. was not singled out for a public finger

allies.

others had still produced no . The U.S., Mr Regan said, bad

doctrinal differences, particu-

Iarly those between France

and her more conservative

As M Gaston Thorn, presi-

dent of the European Com-mission said: "We all share the same view that there is a real problem of debt and that

contrary to what some people thought last year, the danger

is not over and that some-thing has to be done."

The result was a strategy agreed with more cordiality than in previous summits

setting out four basic lines of approach to the debt problems:

• The need to cut interest

rates, the most pressing and dominant item.

• The need to stretch ont debt maturities through "multi-year" rescheduling

communique. These lapses, bowever, were iess important in American

eyes than the overail tone of the summlt—most notably in its general approval of the free market anti-inflationary policies that Washington area as the hallmark of Reeganomics. The long-running battle of previous summits over whether job creation or fighting inflation should be put first now seems to have been decisively won by the anti-inflationary forces.

Tha Americans also claim to the Americans also claim to bove bad some auccess in their campaign to convince the Europeans of the need to reduce the role of the public sector in their economies and tackle "rigidities" such as restrictive labour practices and restrictive labour practices and management inflexibility. While the French correctly pointed out that this is as much a political as an economic issue

approving reference to the con-lroversiol Common Fund for things their own way, the U.S. international commodity price now feels that the point is be-atabilisation from the final ginning to be taken onboard. now feels that the point is be-ginning to be taken onboard. Herr Kohl, who tends to play

the "Invisible man" of world economic summits, certainly concurred on this point, He 100k from the meeting, he said, a sense that it had fully endorsed the need for "flexibility" in all aspects of the Western economies and the importance of from market retired. of free market principles. Socialist France, in the role of Third World chompion, ad-

of Third World Chompion, admitted that it did not get oil it might have desired — whether on tackling the debt problem, aid to developing countries or more concrete oction on interest rates. But the French admission was more in sorrow than the anger Ackneyledging. admission was more in sorrow than in anger. Acknowledging the overwhelming might of the U.S. economy, M Delors somewhat curiously remarked that it was not by pinching an olephant's bottom that one altered its size. M Mitterrand, who after last

year's summit in Williamsburg, had threatened never to attend another again, commended the "good climete" in London. His spokesman ritually insisted that France would never allow the summit to become a political directorate or a sort of super-Nato, and the French watered down much of the political and foreign policy statements. But the others were more struck the others were more struck by M Mitterrand's compliance

than his obstinancy.

Above all, the Americans loyolly sought both to elevate the leadership role of Mr Reagan, while playing tribute to his friend and ally Mrs Thateber. With the more informal, freeranging summit style first adopted of Williamsburg, the beads of government bad ready taken over the whole show. Mr than his obstinancy.

taken over the whole sbow, Mr George Sbuitz, the U.S. State Secretary, opined, Moreover, be sald, the Western leaders were now quietly confident that they were "basic-

g to do it."

Max Wilkinson

Economics Correspondent

Economics Correspondent

Economics Correspondent

Max Wilkinson

Economics Correspondent

Least arguably "upbeat."

Lombard

Policies needed for 1985-86 slump

BY SAMUEL BRITTAN

and downturns, with the gains made in the former exceeding the losses of the latter. After the Second World War a new pattern of less volatile oscilla-

bons developed with periods of four to five years. Since the first oil sbock of 1973, not only have recessions tended to be sharper but the length of the cycle bas lended to increase—the period from the 1973 boom to the subse-quent peak of 1979 being six years.

If this is repeated the present upturn should reach a peak next year from which time the movement will be downwards. Given the incompleteness of the European recovery—with unemployment likely to remain above 12 per cent in some countries—any further business deterioration would justify the word slump rather than reression.

rather than reression.

Worries about a coming downturn depend, however, not merely on past regularities, but on forrea likely to emanalc from U.S. policy. The widely desired "aof! downturn" in which the U.S. budget deficit is gradually reduced to sustainable levels looks improbable.

Having waited so long, it will be too late for fine-tuning; and serious reduction in U.S. government spending or increase in

ment spending or increase in taxotion moy have to be imposed of a time of business weakness. Another possibility is that in-flationery fears—and perhaps actual inflation—will have od-vanced so fer that the Fcd will have to tighten in earnest after the presidential elections; an alternative way in which the U.S. will pay for delayed fiscal correction,

fiscal and monetary positions of governments. Would not the time be ripe to draw some benefits for past restraints by some elements of financial relaxation or demand stimplus? r demand stimulus

Economists such as the

There is nothing sensationelist council on Foreign Relations in predicting after the conclusion of the London summit a new slump beginning probably next year. The path of development of Western capitalism has never been smooth, but has proceeded in a series of uptums and downturns, with the gains "structural" (often a cuphem-Raymond Barre argues in the same report, predominantly "structural" (often a euphem-ism for excessive union-imposed wage and other costs).

However as we have already seen, pessimism, prolectionism and defensive hostility to industrial change ore aggravated in recession, in the 1980-82 slump wben inflation was high and European governments were struggling with large structural budgel deficits there wes prob-ably "no atternative" to re-trenchment. This need not be so in 1985-86. Contingent plans for joint action to maintain world demand by Europe and Japan will be a more constructive response to inevitable American retrenchment than unconstructive carping.

A European stimulus cannot be unconditional or without a safety catch. What this means is that action must be limited to maintain the growth of monemaintain the growth of mone-tary demand as measured by nominal GDP. (This is currently growing in Britain by about 8 per cent per annum, of which about 3 per cent is real and 5 per cent inflation.) The stimulus should only be given if the growth of nominal demand falls below such projected levels. If contrary to present hopes inflation accelerates, real growth will be less, despite the mainwill be less, despite the main-tenance of nominal demand—a neressary clement of the safety

Whether a stimulus should be budgetary or monetary should depend mainly on exchange rates. If the height of the dollar remains a problem, monetary slimulation would make matters worse and fiscal correction,

How then should European countries and Japon react? Infationary pressures could well remain subdued—judging by the lower level of nominal long the lower level of nominal long interest rates than in the sammiteers and their Keynesian correction. critics are ignoring is between real terms, which ignores infla-tion, and sensible business cycle management, which does not.

Unemployment and Growth in outhors of a recent report on the Western Economics, Council European unemployment or on Foreign Relations, New Prof James Tobin in the new York.

Upbeat, but hardly spectacular

By Reginald Dale

evidence that high U.S. inlerest got "most of what we wanted" rates were caused by the budget in London. What Washington deficit. That made four summits, he said, in which be had asked a 1986 target date for the openthe others to submit proof of their claim that this was tho case—and be hed yet to receive

wagging of the summit Itself.

Mr Regan was again able to
maintain at the and that tha

did not get was agreement on a 1986 target date for the open-

ing of a new round of trade liberalisotlon talks in Gatt—thanks to European, and particularly French and Hallan, foot-dragging. The ...mericans also failed to remove an

COHERENT STRATEGY FOR DEBTOR NATIONS

• The need to encourage a greater flow of long-term capital-private and official to the Third Werld.

of commercial and official

• The need to break down barriers to world trade particularly those that restrict exports from the Third World.

The summit's declaration that debt repayments should be stretched out gives, in effect the leaders' seal of approval to policies already being pursued by the International Monetary Fund and national Monetary Fund and

national Monetary Fund and the central banks.

The major argument was over the French view that more general measures should be taken to belp debtor countries, for example by in-creasing the world liquidity

and stimulating flows of development capital. The final declaration shows

much more a recognition of the linkages between debt problems and all other aspects of the world economy, particularly the prospects for world trade and interest

What remains, particularly on trade protectionism, is the question whether the good resolutions of the summit leaders can be translated into

As M Thorn said: "Our credibility is at stake, especially in relation to developing countries. We say we are going to do this and we are going to do that aud they ask: "When are you going to do it."

S. A. Evans, A. H. Cobbold & Co, 61 Devonshire Road,

Southampton.

Postal

ballots.

to cast their vote?

ballots

Letters to the Editor

Sir.—As the last unsuccessful candidate to stand for election to the Stock Exchange Council, I find the prospect of a contested election of certain interest but I do believe that the parties wishing to oppose City at the present time. So let us not turn away the interest and momentum that the re-election of council members should consider most carefully their options, and the result of stock market has built up during a period where the Chancellor has provided us with a taxation system fovourable to Stock Exchange investment, allowing for new companies to any disruption in the process of discussion currently being pur-sued on the Stock Exchange

There are quite clearly reasons for disagreeing with the personal interests of council members standing for relection, but it would in my opinion, be disastrous if the effort and good work of council members particularly our members, particularly our chairman, is now to be diswere to lose the benefit of their extraordinary efforts to recreate a Stock Exchange for the 20th century.

Let the new formations and shareboldings in the market be created, but anybody who bas the slightest understanding of the stock market atructure must be eware that the author of all members one vote, is the all-important safeguard.

Dor't the vested interests of certain parties.

And whatever package is eventually produced from the Stock Exchange Council must surely go to a full referendum of all members before finalisation and one member, one vote, is the all-important safeguard.

S. A. Evans.

the stock market atructure must be eware that the purchasing of a "person's" business is the most dangerous policy that any outsider can pursue. Until such time as that person's trading can be identified, it seems ludlerous to estimate the returns that can be offered to new

From Dr J. Lewis
Sir,—May I add a postcript to
the important letter (May 30)
from the deputy director of But the purpose of the current discussions is to identify the possibility of mainlaining single capacity once negotiated commissions are allowed and on the understanding that both the gilt market and the overseas equity trading market are dif-ferently and separately removed from the stock market as we

What all members must know, or should be aware of, is that the market place is there to serve our clients, who are both investors and corporate. We must, at all times, maintain o market for our customers, whether It is the small investor. the instilution, the company coming to the market either for full listing or for a USM quote, and most importantly the com-panies already quoted. The maintenance of the trading in they were supposed to be issued.

In the House of Lords in May
15, Baroness Cox quoted the
case of the Netional Association their securities in an orderly and bonourable way is the purpose of the stock market operarequires liquidity and a struc-ture of price making which is open and bonourable for all parties to see. If we are now to tion. And that orderly trading turn our backs on the progress echieved by the USM to identify just one aspect of the success of the success and filling in discarded ballot echieved by the USM to identify just one aspect of the success of the atock market in the past five years, then the effect in the country will be evident and the stock market will bave clearly lost its way and lost its purpose in the financial structure of the

Western ones. The question is, which system gives the more

representative result? The Government simply can-not justifiably rely on (highly questionable) claims about turnout as an excuse for not accepting the overwhelming need to amend the Trade Union come forward on to the USM and creating a market place which is now to be copled both in Japan and in Johannesburg. Bill to require mandatory postal Bill to require mandatory postal ballots for union elections. A representative low turnout is infinitely perferable to an unrepresentative high turnout resulting from the very malpractices which the introduction of postal ballots would be guaranteed to stamp ont.

(Dr.) Julian Lewis.

97.31 Whitehall SWI. Let us not destroy our position in the financial world by voting for destruction purely to sup-port the vested interests of

Employment statistics

From Mr C. Trinder :-

employment climbs to record"
(June 2) Philip Stephens says,
"Government officials have still
not identified any clear reason for the apparent paradox between rising employment and higher memployment." One possibility is thet employment has not in fact been increasing in the way the official statistics suggest.
"The "basic" Departmen

Aims of Industry, who explained how slim is the evidence for the Government's claim that work-ploce ballots produce higher turnouts in key union elections of Employment series for total UK employed labour force was UK employed labour force was 23.3m in December 1983. It is tha "supplementary" series, bowever, which is currently used. The "supplementary" series abows the employed labour force as 23.9m in December 1983. The "basic" series shows employment falling by 108,000 between December 1983 and December 1983 than do tamper-proof postal How likely it is that trade mow likely it is that trade union members who cannot be troubled merely to fill-in and post o ballot paper sent (complete with stamped, addressed envelope) to their homes, are nevertheless going to account the complete states. nevertheless going to exert themselves to seek out ballot boxes in their factories in order ber 1982 and December 1983 the latest date for which figures are available), whereas the "supplementary" series shows it increasing by 152,000. One of the main objections to workplace ballots is the ease with which "personation can occur: this involves numerous Unemployment (adjusted for the exclusion of some males aged over 60 in April 1983) ballot papers being cast by people other than those to whom

rose by 157,000. So the paradox only appears using the "supple-mentary" employment series. The supplementary series includes an allowance of 65,000 includes an allowance of 65,000 per quarter for possible underestimation of the "basic" employees in employment and self-employed series. The rationale for the "supplementary" aeries is that the "basic" series based on the

cord more votes cast than, "supplementary" series for the entire period since 1981. After 11 quarters of cumulative adjustment the difference between the "basic" series between the "basic" series and the "supplementary." series is 715,000 in June 1984.

Censuses of employment or labour force surveys were carried out in 1978, 1979, 1981 and 1983. The data from tha and 1983. The data from the 1983 labour force survey were expected to be published early in 1984, but bave still not yet been made available. Only after they ere released will we be oble to see exactly what the evidence to be explained for that period really is. This employment survey was, bow-ever, carried out between late 27-31, Whitehall, SW1. April and early June 1983 and is already therefore 12 months out of date. New developments. including a 1984 labour force survey, are promised to belp clarify the employment position since then, but in the mean-time the evidence that the number of jobs bas been Sir, - In his report "Un-

> find that the unemployment paradox does not exist. Chris Trinder. National Institute of Economic and Social Research, 2 Dean Trench Street, Smith Square, SW1.

> increasing rapidly rests on shaky foundations and we may

Concessions to shareholders

From Mr E. Whiting
Sir,—I have just received a
copy of European Ferries scheme of arrangement. I find it a most unconvincing docu-

The whole scheme is made

complicated so that the small shareholder will be so bemused as not to vote at all. The scheme requires formation of a new company instead of Euro-pean Ferries ple, three meet-ings of shareholders instead of one, en application to the High Court, a complete re-issue of millions of documents, and pre-sumably e considerable sum in capital duty. The coat of all this is not mentioned anywhere. Nor is it mentioned, as far as I can see in this long document, that the arrangement needs a 75 per cent majority of each of the three classes (voting at the meeting or by proxy) to be made effective.

fail unless the members con-cerned receive a substantial premium over their present rights. European Ferries is offering nothing better to the "perk" shareholder. It can win at the meetings only win at the meetings only through apathy on a large scale, obtaining the 75 per cent by some trusted sharebolders on a

very low poll.
The chairman's letier says that "many other apparently simpler solutions bave been considered." Only three are mentioned. The most obvious, of restricting the concessions for peak periods or reducing the unnecessarily high 50 per cent discount ought surely to bave merited comment.

The problem described by the chairman is not a problem of the company, one suspects, but a problem of its institutional investors who must feel squeezed by the small ahoreholders who now own more than half the ordinary shares. The new preference sheres—the only ones with the concession—are not really shares at all. They have no voting rights (except in case of default), bave no bedge against inflation, are non-cumulative and by 1988, because of the low rate of "dividend" (5 per cent), will probobly cost the "sharebolder" something of the order of £50 to £100 a year to keep the right for conyear to keep the rigot for cessionary fares. Edwin Whiting. Shudehill House, Hayfield, Via Stockport, Lancs.

Accounting for

From the Director, Institute of Chartered Accountants in Ireland Sir,—I refer to your report (June 1) on the deferral of the

accounting standard on leasing, and in particular on the views of this institute on the pro posed standard.

The institute was concerned at the lack of clarity of the legislation in the Republic of

Ireland relating to tax based leasing and the possible effects in this aree of the adoption of proposed standard. Irish Government's The January budget, and the subse-quent Finance Act, bave provided for the continuance of tax based leasing, but in

restricted cases only (eg. state aided investment). This legisla tion, and subsequent discus sions with Government on the provisions, bave met the institute's concern and cleared the way for this institule's formal approval of the formal approval of the standard. There is no question of the

Government's decision on the future of general tax based leasing baving been influenced standard or by this institute's

The ghost in the machine



This engine's oil has just died. It has broken down chemically and coked the engine beyond repair.

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Mobil

FINANCIAL TIMES

Monday June 11 1984



Terry Byland on Wall Street

Hospitals find right medicine

GROWING conviction that the expected slowdown in the U.S. economy is beginning to appear has placed a premium on anti-cyclical stocks. While stocks in the motor. chemicals or high-technology industries are showing significant falls since the turn of the year, food manufacturers, high quality retail-ers and hospital management companies are standing up well.

The hospital groups have proved particularly resilient for several reasons. The anti-cyclical argument applies strongly to this sector, al-though not in the most simple sense. Hospital admissions did fall during the recession and the management groups might not neces-sarily have thrived if the economy was slowing down. Moreover, the rebound in the economy in 1982 and 1983 also accompanied a tougher attitude towards welfare and hospital

costs than in the past.

But stocks in the leaders of the hospital management business, such as American Medical International (AMI), Hospital Corporation of America, Humana and Charter Medical, are currently standing within a few cents of their levels at the end of 1983. This is a great deal more than can be sald for IBM, General Motors and Monsanto, to

The management groups bave outperformed because of their apparent success during a period which brought significant change in the medical funding programme as well as a shake-out in the stock

The regulations of the security amendments, finally implemented in January this year, set in train a deregulation of the Medicare pay-ments system with profound implications for the U.S. private health care sector. The switch from a asically retrospective cost-based

Company	Price (S)	P/e
AMI	24%	13
Charter Med.	244	16
HCA	421/2	14
Humana	2634	15

payments systems to ooe hased or preset prices for the broad range of hospital services unnerved market analysts at the end of 1983.

But the results for the final quarter of last year and for the first three mooths of 1994, both bearing ny's crisis. The group's total gross new payments system, have reinforced the conviction that the efficient management companies will do better under the new cost effective regulations, while the lesser hreeds will go to the wall.

Earnings for the early months of this year - not all the major companies report to a calendar year-end show Humana and National Medical Enterprises pushing ahead hy around a fifth and Charter Medical hy more than a third.

The success of the major management groups in continuing to thrive under the new cost structure has removed an important bear factor from the sector and opened the way for an upgrading of profit fore-casts for the rest of this year and

The industry leaders, AMI, Char-ter Medical, Hospital Corp of Amer-ica and Humana, are all likely to turn in significant earnings gains at the year end, and to extend these

gains next year. Mr Thomas McGinnis who follows the sector for F. Eberstadt. looks for a rise of around a fifth in share earnings to \$3.40 this year at Hospital of America (HCA), with a further advance to \$4.10 in 1985; HCA is the largest health care provider in the U.S., with ownership or lease interest in around 190 hospitals at home and a further 24 abroad. Its success in the first quarter of this year confirms that it has the management capacity to master the new federal costing pro-

grammes, and its very size opens the door to economies of scale. American Medical (AMI) is also likely to continue its successful expansion, but earnings will be re-strained this year by the digestion of the Lifemark acquisition. This involved the issue of more than 30m shares as well as substantial duplication of existing facilities, which will have to be smoothed out before the new acquisition can pull its full weight Investors may have to wait until 1985 to see AMI pushing prof-

its ahead. Charter Medical's strength lies in Charter Medical's strength lies in its position in the rapidly growing area of psychiatric hospitals. Sharp gains in profits over the next two years seem probable for Charter, although there is one uncertainty in the shape of a contract in Saudi Arabia which expires before the end of the year.

To have survived the past five months without serious loss in the stock price must deserve the bighest accolade Wall Street can offer. But the hospital management sector stands virtually alone in offer.

tor stands virtually alone in offering the prospect of a renewed advance in both profits and stock prices over the next two years.

FEAR, UNCERTAINTY AND DOUBT HIT THE U.S. PERSONAL COMPUTER MARKET

IBM cuts invite a price war

BY LOUISE KEHOE IN SAN FRANCISCO

FEAR, uncertainty and doubt, or "fud" as IBM competitors call it have gripped the U.S. personal com-puter industry this week in the ing how to react to the lowering of IBM's "pricing umbrella." which all agree determines the high side of wake of IBM's personal computer personal computer prices. price cuts announced on Thursday.

An industry shake-out, an imme-

diate price war and a reduction in:

the growth of the multi-billion dol-

lar industry are being discussed by

analysts who just a few weeks ago

could see only growth in the person-al computer industry. Amid reports that the home com-

puter sector is softening and soft-

ware sales are not living up to ex-

pectations, there is growing uncer-tainty about the outlook for the en-

tire personal computer market.

IBM had been widely expected to

either reduce the price or improve

the performance of its home compu-

ter, the PCjr, which the company

had admitted has not lived up to ex-

pectations. But by cutting prices on

all its personal computers, includ-

ing the high-performance office models, by 18-23 per cent IBM has thrown the industry into confusion. One veteran IBM competitor sug-

gests thet the computer giant may bave thrown up a "smoke screen" to

disguise a desperate attempt to im-prove sales of the PCjr, while also

using its "muscle" to increase pres-

sure on competitors by lowering

Characteristically, IBM is offer-ing scant explanation for its move

except to say that it will continue to

meet the needs of its customers. Meanwhile, industry analysts and

BY ALAN FRIEDMAN IN MILAN

ZANUSSI, Italy's troubled home ap-

pliance group, is seeking to resche-dule a substantial part of its

L1,046hn (\$625m) of group deht. It is

believed the debt rescheduling, if agreed, could involve a suspension

of both interest and principal repay-ments. A Zanussi executive said deht rescheduling negotiations

It is understood that a major re-

scheduling of Zanussi's deht bur-den, which involves annual interest

charges of about L140hn, is consid-

ered an essential prerequisite to

considering investment holdings) is

The question of rescheduling will

be discussed on Thursday in Rome

between Sig Renalo Altissimo, the

Italian Industry Minister, and Za-nussi's main bank creditors. These

include Banca Nazionale del Lavo-

ro. Banco di Roma. Banca Commer-

ciale Italiana, IMI, Nuovo Banco

Ambrosiano, Credito Italiano, Cred-

ilo Romangnolo, Cassa di Risparm-io di Udine and Banco di Sicilia.

Some of these banks are expect-

ed to participate this week in an emergency \$18m loan which the London subsidiaries of Italian

banks are hoping to put together in order to belp Zanussi to make a cru-cial \$28m debt repayment to foreign bank creditors. The repayment falls

due on Friday.

Zanussi itself is only able to pay about \$10m of the \$28m falling due.

Zanussi's Italian bankers agreed

any overall solution to the compa-

were already underway.

prices across its product line.

The simplest and least problematic explanation of IBM's move is that the cost of computers - of all sizes - has traditionally declined by an average 20 per cent year. "It is over 12 months since IBM reduced its prices, so in a way the cuts were verdue," says Dr Egil Juliussen of Future Computing, a Texas market research firm.

However, other market watchers believe that IBM reduced its prices in the face of falling sales. They raise the uncomfortable possibility that U.S. demand for personal com-puters of all types is slackening. Mr arry Dietz, research director for Software Access, a market research firm says "We're seeing a general slowdown in hardware and software sales." He cites recent lay-offs at Micropro International Perfect Software. Sorcim, Visicorp and other leading software companies as

Others maintain that U.S. demand for office-type personal com-puters is solid. Says Dr Juliussen of Future Computing: "According to our most recent dealer surveys, sales per dealer are down but the number of dealers has been increasing dramatically." He predicts U.S. sales this year of \$10bn worth of office personal computers, up from \$6.3hn last year at retail val-

Zanussi debt rescheduling may

rium on the group's domestic debt.

This could be the beginning of a longer term suspension of pay-ments which will be needed if the

troubled white goods maker is to

One banker involved in the Za-

nussi talks said a rescue package had to be agreed "before the end of this mooth" because the group did

not have the resources to make a

SI4m foreign debt repayment in

mid-July. A Zanussi executive said that unless a solution was found

soon several top executives might

resign from the company. Behind the group's crisis lies rap-

based almost solely on bank sup-

port. Major investments and many

acquisitions have been made with a

The group's various acquisitions

in the past five years have added bundreds of hillions of lira of debt,

and several of the companies

acquired are reckoned to have lost a

total of L120bn in the past five years. Last year Zanussi lost about L130bn on sales 15 per cent higher

at L1,800bn. Although the group's official share capital is L80bn, or

one-thirteeoth of its total debt, Za-

nussi acknowledged that the group

actually has a negative net worth.

completed much of an important re-

covery plan, involving the sale of subsidiaries considered peripheral to its main operations. These have

included several of the acquisitions

made since 1978.

On the other hand, the group has

very small capital hase.

avoid financial collapse.

entail suspension of payments

and Co. in San Francisco reads the IBM move as a reaction to the success of Apple Computer's new Macintosb and Apple IIC computers. The new \$2,520 price of the IBM PC will be close to that of Macintosh while the PCjr disk drive model at \$999 will compete with the Apple IIE at \$995, he says.

IBM personal computer sales have flattened in the past three or four months on a sequential basis, says Mr Orlansky. "At the same

says Mr Oriansky. "At the same time, IBM is increasing its production capacity by 60-70 per cent. IBM had to reduce prices to increase demand," be says.

Mr John Sculley, president of Apple Computer rejects the suggestion that IBM is reacting to Apple's success. IBM's move "will drive some companies out of the business," says Mr Sculley, "That clears the says Mr Sculley. "That clears the way for Apple. We will have fewer competitors to deal with," he maintains. Apple's sales continued to be

IBM's price cuts will have "not much impact on Apple sales, but a huge impact on others," says Mr Sculley. The personal computer market is about to become "a twohorse race" with IBM and Apple

sharing the course.

Apple's long-term view of the market is that many of the "lookalike" manufacturers will drop out. The company also expects traditional office equipment suppliers who have added personal computers to their product lines to retreat

volved in the Zanussi talks say the

domestic political implications of the crisis make it inevitable that a

solution will be found. The group

employs 22,000, of whom 20,000 are

Last week, Sig Altissimo talked

to representatives of Thomson-Brandt, the French electrical group, which is interested in taking a stake in the loss-making Italian

group. Thomson-Brandt executives

have visited Zanussi's Pordenone

headquarters on several occasions

Meanwhile, a deal involving

through the Mediobanca, is still

viewed by several Zanussi execu-

tives as the most concrete offer. Un-

der the Electrolux proposal a debt rescheduling would be followed by

A third ontion could impolye a

package, also involving resched-uling and recapitalisation.

per cent of the group, and the chair-man who took over in April is Sig

Gianfranco Zoppas, who married

The Zanussi family controls 90.65

group's factories.

Mr Aharon Orlansky at Sutro from the market as competition in

that the immediate impact of IBM's cuts will be felt by the "IBM compatible" personal computer makers who sell look-alike products below IBM's prices. Already two, Tele video and Eagle Computer, have hinted that they will follow IBM's price cuts this week and others are expected to follow, although Com-paq, the leading look-alike maker maintains that it will not lower

The pressure on profit margins will be too much for some compa-nies, say industry analysts. Some of the compatible makers are operating at 5 per cent pre-tax mar-gins. They don't have room for more price cuts," says Mr Ulrich Weil of Morgan Stanley in New

Only the strongest of the compatible makers will survice, according to Mr Orlansky. Those that have spent their money, from going pub-lic last year will fall by the wayside," he says. He expects Compaq, Commbia Data and Televideo to be among the survivors of the shake out. But for Eagle computer the fu-ture looks bleak. Already in financial problems that have forced the company to begin negotiations with creditors, Eagle is now fighting for survival in an increasingly tough

ICL in talks on Inmos future, Page 5

France proposes satellite standards

proposed a new technical standard or direct broadcasting by satellite (DBS) to the British Government.

ics industry representatives at the Department of Trade and Industry. The proposals, which have the backing of Thomson of France with large West German interests and Philips, the Dutch-based multinabonal, raises questions over the future of the British standard C-MAC. At stake is a potential European market in DBS receiving

a major recapitalisation of Zanussi and the Swedish group would take 5I per cent control, either immedialely or over a few years. The Electrolux offer has, however, been the subject of a political row involving local politicians and trade unions in the north-eastern region of Friuli, where Zanussi is

thet C-MAC, which was developed by the Independent Broadcasting deal being organised by Euromobil-iare, the Milan investment bank. This would be an all-Italian rescue Authority and accepted by the British Government, would become the European standard, a decision thet would bave helped to cut the cost of

> lobbying.
>
> The new French system is a variant of MAC called D2-MAC. Its French and the West Germans, who

British technical specialists say that the French system carries data at half the rate of C-MAC. This would reduce the number of available sound channels from eight to

The issue will be raised again on Wednesday when Mr Jeffrey Ster ling, chairman of P & 0 and a spe-cial adviser to the DTI, calls all sides in Britain's DBS joint venture than two months.

By Raymond Snoddy in London

THE FRENCH Government has

A large French delegation has been in discussions with British Government officials and electron-

equipment worth millions of pounds:

France, West Germany and the UK are the three main electronic nations of Europe, and any system which has the backing of at least two of them has a good chance of becoming the European standard.

There were high hopes last year receiving equipment.

But although the British system has received the support of the European Broadcasting Union, it has not won the backing of either the French or the West German governnents, despite intensive diplomatic

main advantage is that it is compatible with the needs of cable television. This is important to the have embarked on a major govern-ment-supported expansion of cable

Despite its increasingly serious Gianfranco Zoppas, wh financial problems bankers in into the Zanussi family. 10 days ago to a temporary morato-Conti Illinois borrows \$2bn a day

BY WILLIAM HALL IN NEW YORK

CONTINENTAL ILLINOIS, the Chicago Bank which ran into liquidity problems last month, is continu-. ing to borrow an average \$2bn a

It is more than three weeks since the U.S. bank regulators and the major U.S. commercial banks came to Continental Illinois' aid with a \$7.5bn financial assistance package.

The Chicago bank's contiouing reliance on borrowing from the U.S. Fedeal Reserve in addition to its drawings on the \$5.5bn "safety-net" indicates that it is taking longer than expected to resume normal

ental Illinois is reducing Its dependay from the Federal Reserve Bank dence on its emergency horrowings, confirms the growing scepticism that the bank can survive as an that the bank can survive as an and gradually work out its difficult-independent entity. The bank has insisted on several occasions that U.S. observers believe that it will

this is its "number one priority".

Senator Alan Dixon of Illinois, said in Chicago that he believed that the bank had submitted a plan to the U.S. bank regulators which would allow it to remain independent, however, Federal regulators are believed to be the most obvious refused to comment on any such plan and Continental Illinois would

Control of the contro

trading patterns in the world's only say that it was in "constant touch" with the bank regulators.

The slowness with which Contin
Although Continental Illinois' preference is to get agreement on a plan which would enable it to shed its bad loans, improve performance

> have to find another solution The main options are: a merger with First Chicago, the rival Chicago bank; a merger with a foreign or out-of-state bank of which Citibank, Chemical Bank and Security Pacific candidates; or a break up of the

Threat to car plants World Weather

Continued from Page 1

Cavaliers. And it has now halted production of Saab's latest model, the 16-valve 'Aero', which is being stockpiled until special fuel injec-tion systems for it once more become available.

Most manufacturers say they believe by juggling the model mix, and concentrating on non-fuel injected models, they can keep production going until the end of June, after which many plants will take their annual summer break. But if the dispute is not settled by then, its effects are expected to snowball

to supply interruptions as the result of their widespread decisions to cut components inventories and opt for single sourcing - both measures aimed at making the European industry more competitve with the

However, several manufacturers discounted at the weekend any prospect of a return to multiple sourcing or bigger inventories.

"The economic argument for single sourcing and reducing inventories is so overwhelming there is no prospect of anyone going back," The strike has thrown into sharp said an Austin Rover spokesman in THE LEX COLUMN

British Airways on the tarmac

With the publication last week its 1983-84 report and accounts, British Airways (BA) began in earnest to prepare for privatisation. Its most pressing task is to head off what BA sees as the emasculation of its route structure proposed by British Caledonian and other independent airlines. The group has launched a programme of intensive lobbying – sabre-rattling might be a better term - to coincide with the Civil Aviation Authority's report on the subject, due to be passed to the Government a month from now.

Simultaneously, the airline is starting to ginger up the invest-ment community. BA must by now bave given up any serious hope of sneaking in before British Telecom, but will be keeping its accounts bang up to date just in case. On Friday the company opened up its of-fensive on Wall Street with a presentation to analysts and institu-

Despite the problems encountered by Reuters with its dual market offering, BA remains a natural candidate for a New York listing. U.S. investors are far more familiar with airline stocks than their counterparts anywhere, and BA will stand up well to comparison. Its route structure is unparalleled, while London Heathrow is the most coveted hub-and-spoke airport m

The financial performance of the past three years has owed a great deal to cyclical recovery, illustrated by Lufthansa's move from operating losses of DM 113.4m to profits of DM 196m last year, and to rigorous management. But it also shows how an appallingly bloated cost struc-ture had disguised the airline's true worth during the years after the BEA/BOAC merger.

BA's operating margin of 13 per cent in 1983-84 was enough to cover a very high interest bill almost three times over and would be the envy of almost any U.S. airline, All this must be music to the ears of the Treasury, which a few years ago would have given BA about as much chance of privatisation as British Steel or Rolls-Royce.

In the current year, BA's operating surplus should comfortably ex-ceed £300m – compared with £268m in 1983-84 – and a steeply declining capital expenditure charge should help net cash flow to over £200m. Assuming a fall in debt servicing m, it is hard to imagine BA reporting earnings after a the autumn, and it is by no means rier. Whatever happens, however,



about £700m would then be equivalent to about twice book net worth. BA has been arguing for a debt/equity ratio of about a third on privatisation, although it could easily cope with a figure of 50 per cent or more.
U.S. institutions will concentrate far more on prospective operating profits and the underlying route structure. They have never, for example, deserted Delta Air Lines

despite the group's gearing ratio of fancy p/e. Even applying a multiple ter represented by two strong inter-of four, rising to around seven on national carriers, that is another matter. But route reallocation would encounter substantial comthe tax charge which should apply when BA exhausts its tax losses around the end of the decade, the mercial, political and diplomatic ob company should command a value of about £1bn, implying net receipts

for the Treasury of £850m.

These calculations are probably conservative and inevitably very approximate, not least because the nine months away, but they also deanumoe to BA's route structure.

Quite apart from its impact on BA's profitability, a reallocation of licences would almost certainly force privatisation into the next financial.

nil tax charge of less than £220m. implausible to suppose that BA the Department of Transport is fac On the same assumptions, debt of would challenge its proprietor's ing a very tricky few months.

implement the plan.

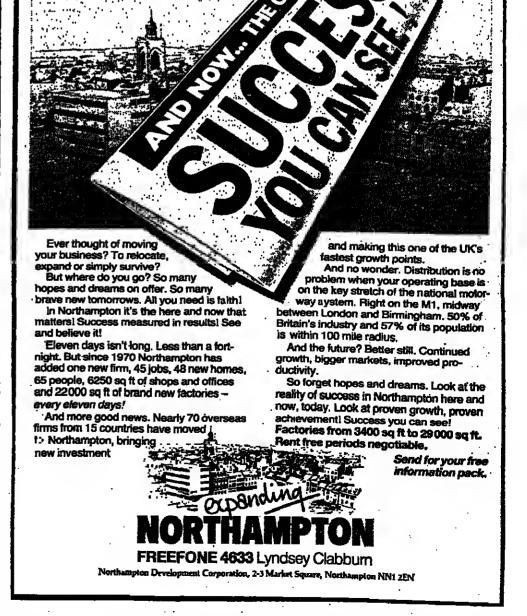
The debate about scheduled routes has centred quite mistakenly on the question of competition. The concern felt by BA's rivals in the deregulated charter market about the muscle which a privatised airline could exert is wholly legitimate. Confronted with a downturn in its principal market and sheltered by profitable scheduled services, BA might very well divert capacity to the charter market and drive prices down to uneconomic levels. Even as it is, distinction between scheduled services and charter is very blurred; the charter operation runs, for example, BA's scheduled services from Gatwick. At the very least the two companies should be put on a more arm's length basis.

Competition

Yet, in the scheduled market, the notion of applying competitive cricartels through a reallocation of routes is plainly paradoxical. It is rather as if Mobil were to seek Ex-If the Government agreed to xon's North Sea oil interests in orwrite-off around £350m of debt, der to hring the companies into betgearing would probably emerge not ter balance. Equally, however, BA's far from 50 per cent and 1984-85 claim that the loss of a fifth of its earnings, adjusted for the lower in-terest charge, would total at least ny's privatisation prospects cannot £250m. Allowing for BA's vulner-be substantiated. While there is no ability to rising fuel costs, the dollar doubt that a loss of routes would exchange rate, deregulation (parti-cularly in the UK and northern Eu-BA could still be sold, after for less. rope) and the economic cycle, there is no possibility of floating BA on a that UK civil eviation would be bet

Attributing a value to BA's routes would be no easy matter. Even tak-ing the £250m on offer from BCat, which values the inspecified routes hroadly on the book value of the asneduled privatisation date is still sociated assets it is not clear how the group would fund the deal, even pend crucially on the Government's after a public listing. Its last bal-attitude to BA's route structure. ance sheet already showed share-

privatisation into the next financial for the Government to take a more veat. The licence decision could hardly roule agreements, to encourage an be taken without reference to the expansion of capacity, for example separate report on airport develop- to South-East Asia, and to bring



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SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

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Monday June 11 1984

EdF loan expected to succeed on razor thin terms

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

the largest Eurocredit by a French state entity so far this year.

been around for several weeks now, deals are, or appear to, be moving but until last week the borrower was hesitating while it pondered the market impact of the Continental Illinois rescue package and of the \$1hn standby credit for Denmark. Now at least three groups are bidding for the mandate in keen competition which seems likely to produce razor thin terms.

So far this year French state entities have proved reluctant to raise money through openly syndicated credits in the Euromarket. This, coupled with the general shortage of new husiness, should give EdF some rarity value. It can also count oo the support of Freech hanks for some of the money it is seeking, cility's cotire 10-year life. In other while Japanese hanks, which are particularly hungry for new busioess, are likely to be keenly inter-

All this should mean that a credit oot cover that risk. for EdF should go well even oo very fine terms, yet some bankers are worried that the keen competition for the mandate could lead one or more of the hidding groups to overreach themselves - as bas now clearly happened in the case of the

Resistance to Denmark'a very fine commitment fee of only five hasis points has seriously slowed up ment group. By last Friday after-noon. Manufacturers Hanover, which has the mandate to arrange the credit, was still \$140m short of the \$1hn in commitments required. There were also still oo other U.S. banks in the deal besides itself.

A performance like this should be enough to inject a note of cautioo into any prospective borrower's mind, especially wheo set against some market sectors to another as a standby.

ELECTRICITE de France is expect- finely priced deal - the \$500m read to launch a \$400m to \$600m credit in the Euromarket this week - ing led by Merrill Lynch for Spain.

The problem for a borrower like EdF to today's markets lies in un-Talk of a large credit for EdF has tangling the reasons that other slowly. In fact the Spanish deal was two-thirds complete by last Friday (which is quite good progress for a RUF), but large commercial banks do not like it because Merrill Lyncb bas the exclusive rights to market the short-term paper, while all they can earn is a small fee for underwriting the facility.

The Danish credit is regarded as underpriced despite its structure which is designed to deter Denmark from drawing on the credit. If it did draw all the money it would have to pay a margin of 1/2 per cent high by today's standards, though it might not remain so during the fawords, the actual risk of drawdown is still there and many banks have decided that a commitment fee of only five basis points simply does

So in both the Danish and the from large banks seems to stem from a combination of over-fine pricing and unappealing structure. In combination the structure plays a very important role, and this is quite probably how the appeal of the EdF credit will be judged

by the market. Most bankers appear already to have discounted the probability that EdF's loan will carry an interest margin of only 4 per cent over Eurodollars for at least part of its life. It will become clear only after the mandate is awarded, how long that part will be However, the other conditions, including fees, may well be equally important.

EdF has told hankers that it wants to draw on part of its new deal but to retain some of the funds

Dealers bemused as bond prices swing wildly

BY MARY ANN SIEGHART IN LONDON

IT WAS the same old story in the Eurodollar bond market last week; prices rose for a day, borrowers flocked to their investment bankers for guidance and a flood of new issues was launched into what was by then an unreceptive market.

Fuelled by the New York market. Eurodollar prices rose on Monday, and by Tuesday morning an almost hysterical mood of optimism bad gripped the market. Dealers bought almost anything they could lay their hands on and prices were marked up by a point within hours. The recent new issues, like the straight bond from Industrial Bank of Japan and the zero-coupon one from General Electric, were from General Electric, were snapped up and started to trade around their issue prices. Goldman Sachs even increased the nominal

size of the GE deal from \$410m to to be shorter. He refused to touch euphoric reception to General Electric that the issue price was only 20.50 the go-ahead to launch the deals But as quickly as the panic buy-

ing materialised, it turned into panic selling. Just a nudge from New York oo Tuesday afternooo was enough to send prices spiralling downwards again into a spin that lasted until Friday. Dealers appear to be bemused. Some are bullish, some are bearish,

but most just watch what the rest of the market is doing and copy it. The result is wild swings in price and a dearth of retail investors, who have been scared away from the market by its volatility.

One fund manager said on Friday that the average maturity of his bond portfolio was already only 2-21/2 years, but he would still like it

any of last week's new issues. This is the problem. Wheo prices start to rise new issue managers assume there are retail buyers in

the market, while in fact, dealers BHF Bank bond average Previous 99.031 98.056

are huying merely to protect their own positions. And there is a limit to the amount of new paper that ders want to carry on their

Sachs, for instance, saw the initial count, which is buge considering

tric's zero-coupon deal and immediately thought it had stumbled oo a vast pool of untapped demand.

There certainly were short positions io zero-coupons to be covered from the secondary market, and there was also quite a lot of interest not allowed to buy bonds stripped of their coupons and sold at a dis-

But when Goldman launched another zero-coupon bond - a nominal amount of \$500m for Sears Roebuck - it was evident that the GE deal had more than filled that demand.

When the market continued to Several of last week's new issues fall on Wednesday, it dragged the suffered as a result. Goldman Sears bond down to a 1% point dis-

and the total fees, I per cent. The problem is that the spreads between these Euro-zeros and their

competition is now very wide. The

Sears bond, at its issue price,

time wheo stripped U.S. Treasuries ing around 14 per cent. It is, of course, slightly unfair to discount. compare the Sears bood with stripped Treasuries which the Japa-nese cannot buy. There is also resis-

point spread seems rather too Other new issues suffered from being too tightly priced, possibly be-

tance to them in Europe due to

withholding tax and disclosure problems. Nonetheless, a 200 basis

while the market was deteriorating Austria, on Friday, issued a 13% per cent, eight year bond which was considered too aggressive by some banks. "It should have been at least yielded just under 12 per cent at a 13% per cent for seven years," said one new issue manager. Lead manand normal Eurobonds were yield- ager S. G. Warburg was forced to support it in the market at a 2 point

The D-Mark new issue calendar was released on Friday. It schedules 12 issues worth DM 1.345bn over the next four weeks including popular borrowers such as Ford Motors, McDonalds and Sperry Rand, Dealers think the volume will be quite difficult to abso ticularly at the beginning of July when six issues are planned for one cause issuing houses were given week.

		-						NAL BOND ISSUES							
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GZB ±	188	1561	7	14	100	Mgs. Stanley, Kleinwort Benson,		Toshiba Caramics **5	60	1989	_	2	100	UBS	
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Hudson's Bay Co.	50	1989	5	144	•	Mga, Stanley, Soc. Gen.	•								
D-MARKS								ECUs							
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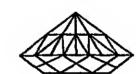
J.&E.Davy Dublin 2. ppards and Chase ements House.

Particulars of the Company are available in the Extel Statistical Services.

The Application List for the shares now offered for sale will open at 10,00 a.m. on Friday 15th June, 1984 and may be closed at any time thereafter.

and at any branch of Allied Irish Banks La

All these Notes having been sold, this announcement appears as a matter of record only.



U.S.\$50,000,000

Götabanken

Floating Rate Capital Notes due 1994

Samuel Montagu & Co. Limited

Bank of America International Limited

Bank of China

Chase Manhattan Capital Markets Group

Goldman Sachs International Corp.

Banque Paribas

Götabanken

Lazard Brothers & Co., Limited

Merrill Lynch Capital Markets

Mitsubishi Trust & Banking Corporation (Europe) S.A. The National Bank of Kuwait S.A.K.

Nomura International Limited

Saudi International Bank

Al-Bank Al-Saudi Al-Alami Limited

Sumitomo Finance International

Swiss Bank Corporation International Limited

S.G. Warburg & Co. Ltd.

Morgan Guaranty Ltd

Yamaichi International (Europe) Limited

U.S. BONDS

Lull in Fed firming gives market time for reassessment

WHICH WAY now? The rally which developed 10 days ago. and which extended briefly into the start of last week, is now viewed by many in Wali Street

The Fed, constrained by domestic credit demands on the one hand and by concern about the fragile domestic banking and third world debt situation on the other, is seen as having entered a temporary "bolding pattern." The markets are generally expected to follow

Despite this, there is lively debate among Wall Street

U.B. INTEREST RATES (%) Source: Salomen Brothers (estimates). In the week to May 28 M1 fell by \$2.4bn to \$541.9bn.

economists, Fed watchers and traders, centring on the degree to which the economy is really slowing down, and the likely outlook for the Fed's monetary policy and the future course of

senior economists now expect second quarter gross national product to show a marked slowdown, they still see business borrowing continuing apace. They believe the Fed has been only temporarily deflected from only temporarily deflected from a further firming move by Continental Illinois and other concerns. As Mr Len Santow, of Griggs and Santow, the Wall Street firm, says, "We haven't seen an end to Fed firming yet."

Issue rates were 13 to 25 basis points lower.

New corporate bond issues totalled \$877m last week compared to just \$150m the previous week. But last week's figure largely reflected a \$500m three-year extendable note

This process continued last week, although the primarily speculator-induced rally really ran out of steam on Tuesday. the start of last week, is now ran out of steam on Tuesday. viewed by many in Wall Street as Hitle more than a correction in an oversold market.

There is undoubtedly an improved tone in the U.S. credit markets, though retail interest is still noticeably kicking. The key question is whether the better market mood will stick.

The steam on Tuesday. After a three-day surge of about if the points in long-bond prices, profit taking set in and by the better than expected \$2.4bn credit markets, though retail and the points in long-bond by the better than expected \$2.4bn credit markets is still noticeably kicking. The key question is whether the better market mood week. At the current price the lone bond is vielding 13.35 per long bond is yielding 13.35 per

> Government securities posted broad price gains of between and one point on the week, with the smallest rises coming at the short end. As a result the yield curve is now flatter and elightly hump-sbaped. Between the three-month hill and the 30-year long bond, the yield differential dropped 40 hasts points to 323 basis points, some 70 hasts points less than the Government securities posted 70 basis points less than the peak on May 30. Equally strikingly the seven, 10 and 20-year coupons are now all yielding slightly more than the new 30year issue. Tha 20-year bond is currently yielding around 4 hasis points more than the 30-year issue.

Short-term rates were mixed last week. Three month T-bill rates actually increased, while private short-term instrument rates fell, reflecting a further easing of market jitters.

This week's economic numbers will he watched closely.
They include May retail sales on Wednesday, consumer credit At base level, although most and inventory figures on Thursday and producer prices and industrial production on Friday.

In the corporate markets prices rose by 1 and 1 points last week on medium and long-term issues respectively. New issue rates were 13 to 25 basis points lower.

Nevertheless, this perceived temporary lull in Fed firming has allowed participants the luxury of a thorongh reassessment of current market conditions, prices and yields, The result, following a just \$500m to record to the result, following a just \$500m of new corporate disastrous May, has been a marked pick-up in long-term bond prices and a significant flattening of the yield curve.

figure largely reflected a \$500m to received a three-year extendable note issue of 10-year guaranteed notes from Nippon Telegraph and Telephone. The new issue calendar continues weak with a just \$500m to received a \$500m to receive a \$50m to receive a \$500m to recei

Grand Union turns the corner after \$115m loss

BY TERRY DODSWORTH IN NEW YORK

GRAND UNION, the U.S. supering policy, which is aimed at market chain, owned by Sir metching the best prices of its Diamond, which made James Goldsmith, the Anglo-competitors, is now generating stantial profits last year, French industrialist and financier, ran up a \$115m loss higher volume, he says.

At the same time, the comsweeping closure and reorgani-

sation programme. The results to the end of March include a provision on \$48m sgainst the closures, which cut the number of stores operated under the Grand Union and Big Star trade names

by 215 units to 395. In eddition, the company declared an operating loss of \$63m, while incurring interest payments of \$24.8m. Sales fell to \$3.4bn from \$3.5bn in 1983, the group earned \$226,000.
According to Sir James, who is currently planning a hid for Continental Group, the packag-

ing and forest products com-pany. Grand Union bas now turned the corner and is ex-pected to bagin performing profitably.

Operating income, hs says, has been hit both by the disruption involved in a refurbishment project for the stores, and hy

At the same time, the company paid off most of its long-term debt in the final period of the year, and will be operating in the current twelve months with a much lower interest

Mr Floyd Hall, the new chair-Mr Floyd Hall, the new chairman of Grand Union, who was brought in from Dayton Hudson earlier this year, reported that the company had an nperating profit in the last month of its financial year, while the performance in April and May was "substantially better than originally projected."

The operating loss in the

The operating loss in the fourth quarter decreased to \$5.2m against \$15.5m in the third quarter and \$35.2m in the second quarter.

Sir James's other U.S. operations are concentrated on Dia-mond Land, the rump of a highly diversified forest prohas been hit both by the disruption involved in a refurbishment project for the stores, and hy acquisition in December 1982, share offered to Jewel stock the heavy advertising ond starting compaign. But the new market it principally as the owner of shares closed on Friday at \$66.

Diamond, which made sub-stantial profits last year, will be the vehicle for the expected · AMERICAN STORES, the U.S. supermarket and drugstore group, is threatening to change the terms of its 31bn offer for Jewel Companies if Jewel launches a defensive acquisition

The American threat is seen as an attempt to head off the sort of defensive tactics fre-quently used at present in U.S. takeover battles. One method is for the defendone mathod is for the detending company to make a bid itself for another, friendly, concern, thus making it a less desirable target to the bidding company. Jewel, which has a similar range

of its own.

ported to have spproached Ralph's Supermarkets, a large West Coast chain operated by Federated Department Stores, with a view to making an offer.

In its latter to Jewel, American Stores sald it would review

of activities to American, is re-

Improving load factor at Braniff

BRANIFF, the Dallas-based airline which emerged from lengthy bankrucpty proceedings to resume operations earlier this year, has forecast a steep increase in passenger business for May and June, despits losses of \$30.6m during the first quarter ended April 30 that exceed its revenues of

30 that exceed its levelues of \$29.8m.

Mr Patrick Foley, vice-chairman, said that during the first two months of resumed operations in March and April, the airline's load factor was \$24.1 per cent. However, the May figure would he about 50 per cent higher than this, while odvance bookings for Juns suggested that the load factor for this month would be about 50 per cent above the May figure. This would imply a load foctor for June of around 54 per cent.

Last week, as part of its campaign to regain the confidence of passengers and travel agents, Braniff set up a special trust fund to hold revenue from the consequence. trust fund to hold revenue from ticket sales until a passenger completes his journey.

• AP-DJ adds from New York: Trans World Airlines is to re-call 145 laid off pilots and other flight crew later this month in response to improving

levels.
Capital expenditure remained

Sales fall for second year at Holderbank

BY JOHN WICKS IN ZURICH

CONSOLIDATED earnings of Holderbank, the Swiss-based of new and modernised proceed to the swiss-based of new and modernised proceed to the swiss-based of new and modernised proceed to the swiss-based duction and handling units. With a number of plants still with a number of plants still to be completed, investments to be completed, investments to be considerable again this year and subsequently show a "sharp decline" "We do not intend to become inactive, though", said Dr Mar altered dividend of SwFr 16 per chare at its June 29 sharechare at its June 29 share-bolders' meeting.

Dr Max Amstutz, the managing director, said the year had proved difficult. Group turnover dropped for the second year running, falling by 4.4 per cent to SwFr 2.74hn. Sales of the group, which has stakes in cement companies in 22 countries, decreased by 5.9 per cent in volume. Although net production capacity remained at about the 1982 figure, the capacity use rate was only 67

per cent.
Dr Amstutz said there was a chance that a stronger economy in Europe and North America would lead to an improvement this year in what he called the unsatisfactory profits situation, though it was also possible that profits would remain at about last year's remain at about last year's

at a high level of SwFr 683m

CONSOLIDATED earnings of in 1983 due to the installation

ventures, the group is currently negotiating for the purchase of a cement plant in Catakili, New York State, from the Lone Star group.

Group profits of Sika Finanz, the Swiss-owned building them!

cals concern, showed a slight cals concern, showed a slight decline last year from SwFr 15.5m to SwFr 15.4m. This followed a small rise in consolidated turnover from SwFr 596.4m to SwFr 610.8m. A letter to shareholders said most subsidiaries developed well in 1983, but overall results suffered from economic and monetary crises in a number of monetary crises in a number of Latin American countries, as well as from poorer markets in France and Italy.

Most group companies got off to a satisfactory otart this year, although the long winter

although the long winter delayed the beginning of the huilding season in a number

New chairman for Credit

Commercial

By David Marsh in Paris M. Claude Jouven, head of France's Competition and Prices Commission which polices the Government's price controls, has Government's price controls, has been appointed chalrman of CREDIT COMMERCIAL DE FRANCE, the nationalised bank which is the country's 10th largest in terms of assets.

Ha will take over from M. Daniel Degnen, the former top Treasury official who became CCF chairman sbortly after it was nationalised in February 1982.

BANQUE WORMS, the At year guaranteed lippon Telegraph e. The new issue inues weak with new corporate offering over the ks.

Paul Taylor

At HANQUE WORMS, the fourth largest State-owned investment has which has just broken even during the past two years, the Government le also changing the chairman. M. Jean-Michel Bloch-Laine, head of the Direction Generale des Imposs (the French equivalent of the Inland Revenue) has been oppointed to

take over from M. Georges Vlanes, who has been in the job for just 18 months.

Visses, who has been in the job for just 18 months.

As part of its "job rotation" scheme, SWISSAIR is making a number of managerial changes on October 1. Mr Will Schurter, head of the engineering department in the airline's technical division, will succeed Mr Otto Loeple as manager in charge of the division. Mr Loepte will take over the data processing division from Mr Helaz Buechl, who will be given special duties in the technical and operational sector. Mr Erich Geltilager will hand over the floames division to Mr Peter Nydegger, currently management chairman of Swissair Beteiligungen, the holding company for airline subsidiaries, and ossume responsibility for Swissair's product planning division. The present head of this operation, Mr Heinz Galli, will take over Swissair Beteiligungen from Mr Nydegger.

NIPPON YUSEN KABUSHIKI KAISHA (NYK Line's) current

NIPPON YUSEN KABUSHIKI KAISHA (NYK Line's) current chairman, Mr Shojire Kilmchi, becomes director and board counsellor, and is replaced by Mr Sasuma One, current present.

INTERNATIONAL APPOINTMENTS dent. Mr Rimlo Mlyaeka, current Atsushi Nishimura. director of

dent Mr Kimio Mysesz, current executive vice-president, will be appointed president, succeeding Mr Susumu Ono. These appoint ments are from June 29. Newly



of NYK Line, Tokyo ected members of the board inciade Mr Noritada Yoshine, general manager of the marine division, Mr Akihiro Takei, North American administrator, Mr

Atsushi Nishimura, director of Nippon Cargo Airlines, Mr Taketaro Kotani, general manager of REYNOLDS METAL International Thomson Organizate of the Kobe branch and Mr Miroshi Yabuuchi, general manager of REYNOLDS Metaler directors include: Mr Toshikito Yamada, current executive vice-president, who becomes president of Yusen Air and Sea Service Company, Mr Shoel Mihara, current Berior managing director, who is mede vice-president of New Japan Surveyors and Sworn Measurers Association; Mr Shinji Kamamoto, current managing director, who will become a board member for Mitsubishi Ore Transport Company; and Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, current managing director, who will become vice-president of Mr Hayakasu Sasatani, curr

Dr Marx Kobier, executive vice-president of the Zurich-based bank, J. VONTOBEL AND CO, has been appointed head of Vonhas been appointed head of vontobel USA. This New York com-pany is to start operations in the antumn as investment adviser for private clients. On July I, Dr Hans F, Voegell will succeed Dr Kobler as executive vice-president in Zurich.

• INTERNATIONAL THOMSON ORGANISATIONAL THOMSON ORGANISATION INC., New York, bas appointed Mr Rabert J. Jechino as president and chief operating officer from July 1. He was president and chief executive officer of Warren, Gorham and Lamont, a subsidiary of

may been promoted to president and chief executive officer of the succession to Mr. Jachino. Mr.

• Mr Peter Travers, chief manager responsible for the worldwide operations and strategic development of the BANK OF NEW ZEALAND's corporate and international business has been appointed as assistant general manager. He was in London 1980-81 as the bank's regional

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS BTRAIGHTS | Second Bid Offer | S Aleska Housing 113, 94 100
Arrection Sov. 123, 89 100
Australian I, fly, 11 89 75
Bank of Tokyo 113, 90 100
Sengificial IL/S F. 12 91 100
Sengificial IL/S F. 12 91 100
Cristorp IL/S 114, 99. 100
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Change on day week Yield 14 + 0'2 + 0'2 + 0'2 + 0'3 + 0'4 + 8WISS FRANC
STRAIGHTS
Aaisn Dav. Sank 5 94...
Aaisn Dav. Sank 5 94...
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Australia Comm. Fr. 98
Australia Comm. Fr. 98
Control Press Fr. 84...
El8 63, 99 ...
Elec., Power Oer. 55, 83
Finiand Republic Fr. 84
Japan Inv. Bank Fr. 94
Japan Inv. Bank Fr. 94
Japan Inv. Bank Fr. 94
Japan Inv. Corp. Fr. 94
Australia Ele. Pwr. 55, 92
Lorric Int. Fin. 67, 94
Net. Aust. 8k, 55, 84
New Srunswick Fr. 84
New Srunswick Fr. 84
Nippon Express Fr. 94
Nippon Express Fr. 95
Nippon Express Fr. 94
Nippo

963, 974, 994, 937, 983, Bk. 73 94 94 Bk. 77 93 15 10 15 20 20 No information available— previous day's price.

| Bid Offer day week Yield 90% 30% -00% -2% 13.92 30% -00% -2% 13.92 30% 30% -00% -2% 13.92 30% 30% -00% -0% 13.26 196 86% 0 +0% 13.26 196 86% 0 +0% 13.26 196 86% 0 +0% 13.26 196% 87% 88% 0 +0% 13.26 196% 89% 0 +0% 13.50 30% 89% 0 +0% 13.50 30% 89% 0 0 8.46 86% 97% +0% +0% 12.83 30% 20% -0% -0% 12.83 30% 20% 0 +0% 12.83 182 103 0 +0% 12.97 82% 83% -0% -0% 12.97 83% 33% -0% -0% 12.97 83% 33% -0% -0% 12.97 83% 33% -0% -0% 12.97 83% 33% -0% -0% 12.83 30% 0 +0% FLOATING RATE

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Last week ... 1,400.1 913.3 Previous week 1,538.0 1,083.9

† Only one market maker STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued

is in milions of currency units except for Yen bonds where it is in billions. Change on week= Changa over price a week earliar. FLOATING RATE NOTES:
Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective.

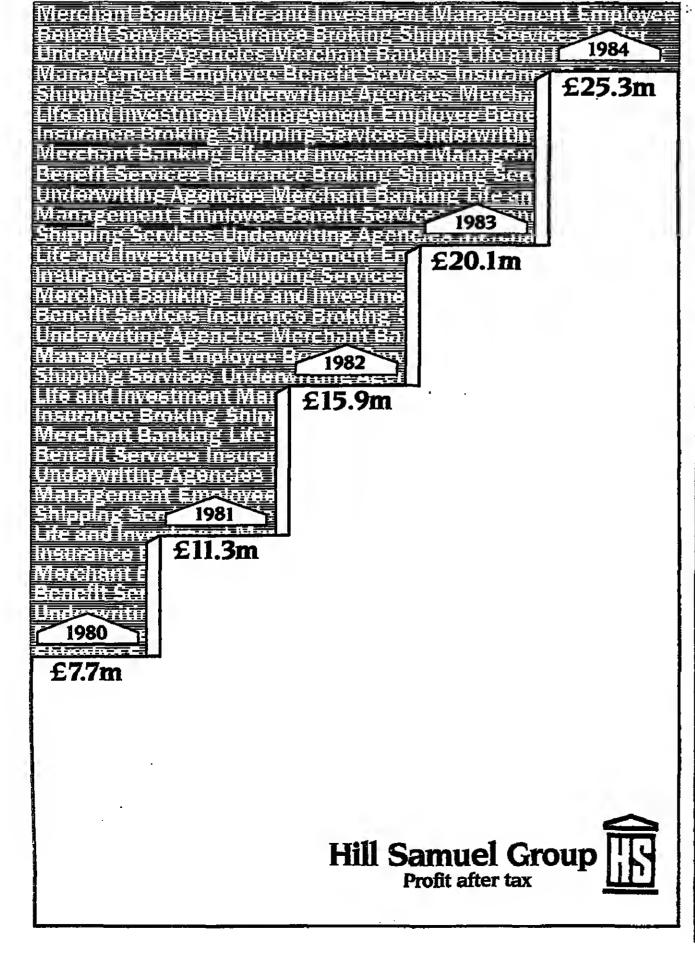
Spread = Margin above six-month offered rate (t three-month; i above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yid = The current yield.

conjon. C.yid = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of acquiring shares via the bond over the most recent price of the shares. The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commercial de France; Cred

International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Scandinavian Bank; Societe Generala Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Gundy.

Closing prices on June 8



lank

DEALINGS in Etam, the women's wear fashion retailer, are expected to start on Thursday, June 21, when County Bank offers 25 per cent of the company's share capital for sale at 55p per share. The lists open on June 14.

on June 14.

The issue will raise £12.30m for the vandors, principally long-standing family shareholders, and will give Etam a market value of £49.5n. It is not designed to raise new capital for designed to raise oew capital for the company, since the January, 1984 balance sheet showed net cash of almost £8m and pro-jected capital spending of £5.5m. against £3.9m and £4.5m respec-tively in each of the two previous years, and will be funded from internal resources. Etam has 108 branches in all;

of these 97 trade under the group's own name and 11 are Temmy Girl outlets catering exclusively for girls in the 7-13

exclusively for girls in the 7-13 age range.

Work has been started on 14 new sites, of which four are extensions to existing premises and five are resitings of old stores. The target is to reach some 160 stores and Etam has determined to maintain the direction and identity it set for itself at the end of the last decade when the return to strong profits growth began. Profits for the last four years have risen from £296,000 to £2.4m and then to £3.36m before reaching £6.55m.

Tax was charged at the rate

reaching £6.55m.

Tax was charged at the rate of 52.9 per cent for the yeer to January and earnings of 5.9p per share indicate an historic n/e of 16.1. The board, headed by Mr Alan Howard, estimates that the tax rate will fall by about seven basis points in the current financial year—for which there is no profit forecast—and should fall to about the standard corporation tax rate of 35 per cent in the following year.

On a notional standard tax

On a notional standard tax charge, earnings last year would have been 8.20 per share. the net surplus on disposal and closure of properties. The p/e on this basis would have been 11.9 historically at the offer

Etam has deciared a net total dividend of 25p per share for the year to January last, which yields 3.76 per cent gross at the offer price and is covered three

To all Ordinary Shareholders of The

Country Gentlemen's Association PLC

This announcement is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager,

dicitor, accountant or other professional adviser

immediately.

Grievesoh, Grant and Co. and Statham Duff Stoop announce that, acting on behalf of The Atlanta Investment Trust P.L.C. ("Atlanta"), they offer to purchase by tender a maximum of 216,486 Ordinary Shares of 25p each I"tha stated maximum") of The Country Gantlaman'a Association PLC ("CGA") on The Stock Exchange at a maximum price of 500p per share subject to the additional terms stipulated below.

Ordinary Shereholders of the CGA who wish to sell all ur some of their shares in accordance with this Tender Offer at the maximum price of 500p ur a lower price, should contact their stockbroker or other financial adviser immediately. The sale will be under the rules and regulations of The Stock Exchange and will be subject to a normal Stock Exchange commission in respect of the number of shares accepted. Tanders will be held by The Stock Exchange until the Tender Offer closes at 3,30 p.m. on 19th June, 1984.

Membership of The Country

Purpose of the investment

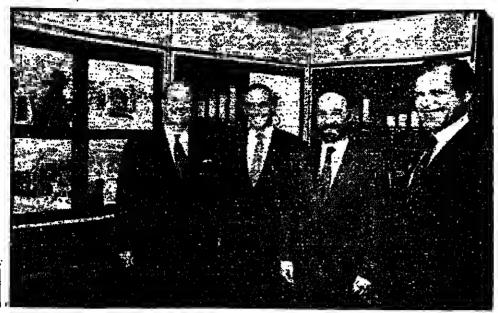
Gentlemen'e Association ("the

Association")
Shareholders are reminded that holders of 100 or more CGA shares are antitled to free membership of the Association. Following the subdivision of shares and bonus issue in 1982 most shareholders now hold in excess of 100 shares and are therefore able to sell their excess shares without losing the benefit of free membership of the Association. By way of example, a shereholder holding 800 CGA shares and wishing to retain the benefit of free membership, could tender 700 of his shares and receive £3,500 before expenses if a tender price of 500p is essumed and the tender is accepted in fulf.

Atlanta is an investment trust listed on The Stock

Atlanta is an investment trust listed by the Stock-Exchange with a stated objective of investing in companies engaged in financial services. Allanta believes that its association with the CGA, supported by representation in the management of the CGA, will lead to an expansion of the services offered to the members of the

Association and an improvement in the profitability of the CGA which has declined substantially in real terms over the last ten years.



The Etam board from left to right—Mr Miles Drake, Mr Robert Wheeler, Mr Alan Howard (chairman) and Mr Rodney East

Market shre is not disclosed, but Etam is confident that its "clean, simple uncluttered" style of selling bright fashions to shop and office workers in the 20-25 year age range continues to provide strong growth poten-tial.

The Righ Street enjoyed par-

More company news on Page 22

ticularly favourable trading con-ditions last summer when analysis calculate that non-food

Tender Offer

on behalf of The Atlanta Investment Trust P.L.C.

to purchase 218,486 Ordinary Shares of

The Country Gentlemen's Association PLC

at a maximum price of 500p per Ordinary Share.

Financial Advisers to The Atlanta Investment Trust P.L.C. Guinness Mahon & Co. Limited

> Brokers to the Offer Grieveson, Grant and Co.

> > and Statham Duff Stoop

and Superdrug.

Etam, the broker claims, produces sales of £218 annually per square foot, from which it achieves profit of £30 before tax and interest. Both Dixons and Superdrug schieve a higher sales density and Dixons makes a slightly higher trading profit from its selling space. But none of the six selected competitors match Etam's 60 par cent return on capital employed and its net trading margin of 13.8 per cent.

Additional Terms of the Tender Offer

Unless tenders in respect of more than an aggregate of 36,414 CGA shares (five percent, of the issued Ordinary Share capital) are received the Tender Offer shall be void.

Subject to the provisions of paragraph 1. above all tanders will be irrevocable.

3. The Tender Offer will close at 3.30 p.m. on Tuesday 19th June, 1984

4. Where e tender is accepted and results in a sale, settlement will be affected between the

5. The CGA shares are to be acquired free from all liens, charges and encumbrances and with all rights attaching thereto, including the right to receive all dividends and other distributions

Atlanta does not hold any CGA shares. If Atlante purchases the stated maximum number of shares under this Tander Offer, it

Shares tendered at a price which is not expressed in e whole number of pence will not

8. If the number of shares tendered for sale exceeds the stated maximum, the striking price will be the lowest price at which the stated maximum number of shares is met and all shareholders who tender at or below the

all snareholders who tender at or below the striking price will receive the striking price. If necessary, tenders made at the striking price will be scaled down pro rate or balloted. If the number of shares tendered is less than the stated maximum, tendering shareholders will receive the maximum price of 500p, subject to paragraph 1. above.

and tenders by Jobbers must be in sealed envelopes, correctly enfaced, and lodged in accordance with the requirements of The Stock Exchange on any dealing day during the period of the Tender Offar.

10. All shares tendered must be for guaranteed An singles tenuesed must be for guaranteed delivery on 9th July, 1984. In respect of any shares not received by that date normal Stock Exchange buying in procedures will be instituted at the earliest opportunity.

The maximum price of 500p being offered on behalf of Atlanta represents a 14 per cent. premium over the middle market quotation for CGA shares based un The Stock

Exchange Daily Official List of 440p on 7th

June, 1984 (being the latest practicable dat before publication of this advertisement).

11th June, 1984

9. Tenders by Stockbrokers on behalf of clients

will then hold 29.9 per cent. of the issued share capital of the CGA.

declared, made or paid hereafter.

Stock Exchange member firms concerned through The Stock Exchange "Talisman" system! on 9th July, 1984, being the settlement day following the Stock Exchange Account ending on 29th Juna, 1984.

analysts calculate that non-food spending was rising at an annual rate of 6 per cent. But although thece have been no forecasts, Etam says that profits in the first 16 weeks of the current year are running ahead of those in the comparable period in 1883.

The group's most direct competitor, it belleves, is the nuquoted Chelsea Giri chain but Simon & Costes, brokers to the issue, have calculated that Etam almost always achieves better sales and trading profit per sales and trading profit per square foot, higher net trading margins and return oo capital employed than sky other selected specialist retailers. These are

Burton group, J. Hepworth, Foster Bros, Dixons group, MFI and Superdrug.

Etam, the broker claims, produces sales of £218 annually per square foot, from which it achieves profit of £30 before tax and interest. Both Dixons and Superdrug schieve a higher sales density and Dixons makes a slightly higher trading profit at the same and a sightly higher trading profit and basis, had to be pitched on a rather unambitious level which a rather unambitious level which a rather unamortious level which in a way is unlucky for the vendors but offers new buyers, willing to take e sanguina view of future tax, a relatively chaap way into the store.

Youghal Carpets back in profit

In line with expectations at Youghal Carpets (Holdings) a return to profits of IES8,000 against previous losses of IES.14m has been produced for 153.14m has been produced for 1983. Uncertainties in the market piece and lack of spending power in main markets prevents the directors from making any forecast for the current period.

Turnover of this Cork-based carpet maker, spinner and dyer reased from £45,05m

There is again no dividendnone has been paid since 1977. Losses per 25p share are shown as falling from 18p to 1,9p.

FULCRUM

P.L.C.

Capital Shares: ...5,25p

NOTICE

MONSANTO INTERNATIONAL

FINANCE COMPANY'S 4½% Generated Sinking Fund Debestures Due 1965

(convertible on and after May, 1966 into Monsanto Company Common Stock) Pursuant to Sections 4.04 and 4.05(b) in the tedenture dated as of October 15,

in the tedenture dated as of October 15, 1965 relating to the above debentures, notice is hereby given that as at the close of business on May 16, 1964, the conversion price at which Monsasto Company Common Stock shares will be delivered upon conversion of the above debentures has been reduced from \$65 per share to \$43 per share. A certificate setting forth the above adjustment has been thed with the trustee and at the offices of 30 conversion agents.

MONSANTO INTERNATIONAL FINANCE COMPANY

LADBROKE INDEX

Based on FT Index

828-832 (-2)

Dated: June 11, 1964

Tel: 01-493 5261

INVESTMENT TRUST Net asset value (unoudited) as at 31st May 1984 Income Shares: 41.41p Union Bank

ARE PLEASED TO ANNOUNCE THE FOLLOWING APPOINTMENTS:

Deputy Managing Director

CEES MOERMAN

PHILIP D. S. PUGH

PETER U. WEBER

The Stock Exchange Building London EC2N 1EY

This advertisement is issued in compliance with the requirements of the

The Global Group pic

SHARE CAPITAL

Authorișed Amount

in 5,000,000 Ordinary Shares of

In connection with the Placing by Schaverien & Co of 750,000 Ordinary Shares of 10p

Shares have been offered to and will be available through the Market. Particulars concerning The Global Group plc are available in the Extel Statistical Service and copies of the Prospectus may be obtained during normal business hours on week days (except Saturdays) up to and including 2nd July, 1984, from:

Schaverien & Co., 181/2 Sekforde Street, London EC1R 0HN

BET bid talks await results from Initial

BY CHARLES BATCHELOR

SERIOUS BID talks between day: "The publication of our Initial, the laundry and clean preliminary results for last year ing group and BET, the diversities a prerequisite for any arrange-

BET, which stready owns 40 per ceot of Initial, announced s £166m bid for the remaining 60 per cent of its associale company on May 30. Oo Friday BET sent a letter to its own shareholders explaining the reasons for the move.

Initial's nine Independent directors, advised by N. M. Rothschild, are preparing to resist the bid oo the grounds that the terms are not generous enough.
BET paid a higher premium
when it bought out the minority shareholders in Rediffusion and two other associates recently, they argue.

ing group and BET, the diversis a prerequisite for any arrange-fied holding group, are unlikely to start until luital publishes its preliminary 1983-84 results later this month.

BET, which stready owns 40 per ceot of Initial, announced s previously announced it expects to reveal its figures for the year pedded March 31 1984 on June 25 1166 and the reveal its figures for the year pedded March 31 1984 on June 25 but publication may be brought forward.

Analysts have forecast Initial's pre-tax profit in the year just ended will rise to £29m to £30m from £27.1m in 1983-83. Pre-tax profit rose to £13.6m in the six months ended September 30, 1983 from £12.3m.

In its letter to shareholders, BET said the offer for initial and

BET said the offer for Initial and the linked sale of Rediffusion's television rental business to shareholders in Rediffusion and two other associates recently, they argue.

Initial Is also annoyed because BET did not seek agreement for the bid before the offer was publicly announced.

Mr Michael Walker, rompany secretary of Initial said yester-

IEP extends TKM stake

. Mr Brierley, a New Zealander, has previously bought holdings in a number of other rompanies, especially in Australia where IEP Securities is based.

Mr Roger Schofield, TKM company secretary, said yesterday it had been assured by a Brierley executive visiting London that IEP had no intention of in-

Securities has increased its holding in Tozer Kemsley & Millibourn international trading us as a good investment at current prices." Mr Schofield sald. 14.9 per cent disclosed last month.

TKM bas suffered severe finan-clal troubles in recent years, but this week reported a return to profit in 1983.

TKM shares rose 1p on Friday to 39p, valuing the company at £20.9m. Other substantial share-holders are Mass Development of Bahrain (10.2 per ceol), former chairman Mr Kenneth Thorogood (9.3) and a Kuwait company, Coast Investment and Develop-ment (5.03).

BOARD MEETINGS

The lollowing compenies hove notified dates of board meetings to the Stock Exchange. Such mootings are usually hold for the purpose of censidering dividends. Official indicollens are not evelleble on to whether the dividends are interime or finals and the aubdividence above between between the dividends are interime or finals and the aubdividence above between the finals ond the aubdividence above between the finals.—TODAY

Interime:—Durbon Roodepoon Geep. East Rond Proprietary Mines, Monsfield Stewery, Pericom.

Finals:—Amerishem Intermetional, Blyvoorultzicht Gold Mining, Caffyns,



UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

NICHOLAS J. R. RYAN

PETER A. BREESE Director Syndication

Director Trading

Director Administration

Director Corporate Finance

Telephone: 638 0582 Telex: 8811604

Council of The Stock Exchange

(Incorporated in England under the Companies Acts 1948 to 1976 Company No. 1366965)

£500,000

of 10p each at 67p per share

issued fully paid Amount £400,000

Issued and to be

a share, application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the issued share capital of The Global Group pic in the Unlisted Securities Market. It is emphasised that no application will be made for these securities to be admitted to listing.

11th June, 1984

Strong growth for medical insurer

Private Patients Plan, the year and this growth has consecond largest medical insurer in tinued toto 1984. Allowing for the UK, reported continued strong growth for 1983.

PPP now insures around imperational transfer of the provided transfer of the provided transfer.

£29.3m to £37.4m.
The oumber of subscribers

Strong growth for 1983. PPP now insures around 1m per-Subscription iocome rose by sons for privale needleal treat-

subscription tocome rose by sons for private intedical treat-over 30 per cent from £70m to ment.

\$\text{SY}\$ I. F. Plullips, the outgoing control cover 50 per cent from £8m to warned of the continued danger of rasing claim rosts and 11s climbed 30 per cent from £61.5m to £79.6m.

This resulted in a surplus for private intedical treatment.

\$\text{SY}\$ I. F. Plullips, the outgoing chairman, in his stalement over 50 per cent from £61.5m to £79.6m.

This resulted in a surplus for private intedical treatment. This resulted in a surplus for are pressing for large pay the year of £8.12m against increases. Subscribers are now £4.37m in 1982 and this was inaking more use of private hostransferred to the general pital beds and less use of the reserve, which climbed from £29.3m to £37.4m. beds.

He pointed out that all these rose by 12 per ceot during 1983 factors could only mean higher to 441,000 at the end of the subscriptions.

COMPANY NEWS IN PRIEF

Elson & Robbins made a further recovery in profits in the open-ing half of the year and, on the back of this, bas decided to pay an interim dividend for the first time lu three years.

A bigher taxable profit of £541,000, against £413,000, was ettained in the six months to the end of March 1984. Turnover came to £8,13m compared with £8,98m, mainly a result of a mild winter up to January which affected LP Heater sales in the UK for the subsidiary D.I.P.

D.I.P. are developing products to broaden the group's base and new markets will be enlered shortly. Benefits from this, the directors point out, should materialise during the next 18 months.

months.

Net profits emerged at £445,988 (2353,222) after tax of £94,500 (259,308), and earnings per share are shown as 4.35p (3.41p).

A sale of shares by Huseor (Partitioost, resulted in an extraordinary credit of £26,605.

** ** **

Net asset value per 25p ordinary of the Scottlsb National Trust amounted to 244p al March 31 1994, compared with 225p at the end of last September and 194p a year ago.

Elson also makes Duffex springs ad spring assemblies for seating and mattresses and Duffex vlnyl foam.

The directors say that sales of the company's traditional products continue to bold their own although markets continue to be very competitive.

Both Elson & Robbins and

Net asset value per 25p ordunary of the Scottish National Trust amounted to 24p al March 219st, compared with 225p at the end of last September and 194p a year ago.

Gross revenue for the six months totalled £294m, against £2.61m, and net revenue before tax emerged at £1.9m (£1.76m).

Tax took £642.260 (£597,933).

RECENT ISSUES

EQUITIES

- 1							_		_
	lesue price	Amount paid up Latest Ranung.	1984 High Low	Stock	Closing	+0	Ret Ov.	Covered	Yiold P.E.
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FIXED INTEREST STOCKS

hisua price £	Amount paid up	Ronund.	19 High		Stock	Olosing price L	+-
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"RIGHTS" OFFERS

			U	-112-			
issue prion	Amount paid up	Latest Renunc. tisto	196 High	Ja Low	Stock	Olosing	+ <u>•</u>
85 R2.6 17 Ir. 380 29 A57.6 120 A84	F.P. Nii Nii F.P. Nii A84 Nii	28/6 e/6	12 pm 7 307 2 pm 542 103 pm	100pm 288 12pm 384 35pm	Ametrad 5p	150pm 12pm 283 12pm 413 103pm	

Renunciation data usually test day for dealing free of stemp duty. b Figures based on prespectus estimates. d Olvidend rere poid or payable on part of capital; cover based on dividend an fult captal. g Assumed dividend and yield. b Forecast dividend cover based on previous year's earnings. C Consident F Olvidend and yield based on prespectus or either efficial estimates for 1983-84. Q Gross. p Pence unless etherwise indicated. I Issued by tender. § Offered to holden of ordinery shares as a "rights." "Issued by way of capitalization. § Relincoduced. It Issued in connection with respective merger or takeover. Allotmer: Isstom for fully-paid]. If Introduction. § United Societies Market. § Piscing price, 11 Official London Listing. § No par volue.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings lindicated thus's have been officially notified. Dividends to be declared will not necessari
"Announcement la

urus) nave been			pe declar
will not necessarily	y be at the	amounts in the col	umn head
"Announcement las			
	Anneunce-		Anneyaco-
Oste	ment last	0 ate	mont last
Allind	A901		yeer
Allied	Engl 2.4	Hickson Intl.Juno 2	Interim 3.0
CalloidsJuly 19 *Amersham InU Juno 11	Finel 2.4 Finel 2.1	Hegg	
Argylt FoodsJuno 31	Final 2.5	RebinsonJuly 19	Finol 3.0
Associated	rillor 2-0	lC Gasلuly 5 اmperial Grp. July 14	Finel 7.6
NewspapemJuly 14	Interim 4.5	thresunJuly 6	Interim 2.79 Finel 2.6
*Avene June 29	Final 4.6	Inti SignalJune 14	Finel due
*aPa IndsJune 27	Final 7.0	Jehnson	Filler Cue
BETJuly 21	Finst B.14	MerthoyJune 20	Finel 7.0
*Baker Perkins June 21	Finel 3.0	Kenning Moter June 14	Interim 2.5
une 14 نالہ	Finet 5.0	LRC InttJune 27	Finel 2.2
Serieford		Landon O'stas	
(B. & W.)June 20	Interim 3	une 17دJune 17	Finel nil
Birmid		MFIJuly 10	Final 2.3
QualcoatJuly 19	Interim 0.33	*MK ElocJuno 28	Final 5.25
British & Comm		Maener and	
BhipoineJune 18	Finsl 8.5	SeuthornsJuly 12	Final 2.2
*Bumett &		*Molal BosJune 12	Finol B.51
HallomahiraJune 22	Finsi 9.5	*Meyor IntlJune 19	Finol 2.25
Cable and		NorcresJuly 4	Final 4.24
WiretonoJuno 13	Finel 50	*Northern	
*Chaner ConoJune 27	Finol 7.25	uno <u>مرائبFoods</u>	Interim 2.2
*ChierideJune 15	Finet nit	*Pauls and	
ChubbJuno 22	Finel 4.00	WhitesJune 14	Final 5.5
Crost		*Pilkington	
NichelsonJune 22	Interim 1,25	BrosJune 13	Finel S 5
Osvy		*Powall Outtryn June 20	Final 6.55
CarporationJuly 22	Finet 2.585	*Premier Cpns Juno 12	Interim 10%
OsojanJuly 13	Fmal 3.825	*Recal ElecJune 26	Finol 4.114
Ooily Moil &		Rank OrgnJuly 11	Interim 4.0
Gen. TrustJuly 15	Interim 12.0	*RedlandJune 28	Final 5.14
*Dawson IntlJuno 21	Finol 4.3	RenoldJuly 21	Final nil
OlstillsteJuly 14	Finel 8.5	Rothmano Intl July 12	Final 4.0
0 owtyJuly 12	Finel 2.25	5GBJuly 4	Interim 2.3
*Elliott (B.)June 14	Finoi nii	Scottish and	1
*English China		Nwestle Brwe June 29	Finel 3,163
CloysJuns 14	interim 3.25	*Staveley Inds Jung 14	Final 8.5
*Forguson Indi, Juna 12	Finol 3.5	*TeseoJuno 13	Final 2.25
FerrentiJuno 23	Finol 3.7	Thorn EMIJuly 14	Final 11.7
Fitch LovellJuly 5	Finol 5.83	Trusthouse	Final 11.7
GECJuly 7	Finol 2.0		1
GUSJuly 21	Final B.O	FortoJuna 23	Interim 2
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EstatesJune 12	Finel 4.0	Unitan	
Graycoot City	111121 4.0	OiscountJuly 20	Interim 11.0
OfficesJuly 14	FineJ 0.65	VosperJuly 14	Interim 2.0
Guinness (A.) June 12	Interim 1,655	WedgwoodJuns 21	Final 2.675
HATJuly 15	Finel 1.5	*WostlandJune 13	Interim 1.0
*HombrosJeno 26	Finel 37.5		
Haolamare	i iiibi 97.3	* Board meeting intim	ated. † Rig
		Issue since made. # Ta	Iree. 6 Sc
EstatèsJuly 14	Final dua	isave sinco medo, % Fo	recast,

1984 | Since Compliate High Low High Low 16.69 83.77 77.86 187.4 49.18 79.34 79,51 78.74 79.58 78.90 Government Secs. 82.70 87,48 82,38 150,4 50,53 85.08 85.06 62.98 83.11 , 85.11 Fixed Interest..... 851.4 835.2 846.e 840.1 843.3 824.e eae.8 770.5 823.8 49,4 672.3 694.0 699.3 698.5 711.6 098.1 711.7 580.2 734.7 Industrial Ord 45.6 FT-Act. All-Bhare. 499,38 501,82 505,70 501,41 501.68 490,00 536,71 470,03 636,71 81,92 FT-SE 100 1068.8 | 1072.0 | 1067.9 | 1077.8 | 1078.0 | 1055.8 | 1141.6 | 997.6 | 1141.6 | 997.5

FINANCIAL TIMES STOCK INDICES

Al Zarga Factory for Electric Wires Co.

Jeddah, Saudi Arabia

US\$7,500,000 Revolving Letter of Credit Facility

US\$5,700,000 Medium Term Loan Facility

US\$3,000,000 Revolving Short Term Advance Facility

In connection with the implementation of a wire manufacturing factory and to import plant and machinery

> Arranged by KUWAIT ASIA BANK E.C.

Provided by B.A.I.I. (Middle East) E.C. Bank of Bahrain and Kuwait B.S.C. Kuwait Asia Bank E.C. Kuwait International Investment Company s.a.k.



KUWAIT ASIA BANK E.C.

May 1984

GROUP plc

(Registered in England No. 1517467)

The Group is a leading distributor of home computers, home computer peripherals, home computer software and associated products as well as a distributor of a wide range of photographic equipment. These activities are principally based on the Company's trading association with a number of selected independent retail outlets.

Placing

Barclays Merchant Bank Limited

of 2,307,650 Ordinary shares of 5p each at 130p per share. **Share Capital**

Authorised Issued and now being issued fully paid

£1,000,000 Ordinary shares of 5p each £576,899 £575,000 Redeemable 10 per cent. Preference shares of £1 each £575,000

Particulars regarding the Company are available in the Extel Statistical Service and copies of such particulars may be obtained during normal business hours on weekdays (Saturdays and Public holidays excepted) up to and including 25th June, 1984, from:

Barclays Merchant Bank Limited, 15/16 Gracechurch Street, London EC3V 0BA

Philips & Drew, 120 Moorgate, London ECZM 6XP

Barclays Merchant Bank Limited, 39 Bennetts Hill, Birmingham B2 55R

Bardays Bank PLC, 35 St. Andrew Square, Edinburgh EHZ 2AD

Spectrum Group pic, 29 Burrowfield, Welwyn Garden City, Hertfordshire AL7 455

This stock has not been registered under the United States Securities Act of 1933.

F:T·N

Eaton Finance N.V. (Incorporated under the laws of the Netherlande Antilles)

Placing on a yield besis of

£35,000,000 Unsecured Loan Stock 2014

Unconditionally guaranteed as to payment of principal, premium (if any) and

Eaton Corporation

The tasue Yield (ee defined in, and calculated in eccordance with the terms of the Extel Particulers Card dated 7th June, 1984) in respect of the above Slock is

Pursuant to the provisions of the ebove-mentioned Extel Particulare Card, the Stock will, on ieeue, bear interest et the rate of 12% per cent. per ennum, payable half yearly on 12th December and 12th June, and the isaue price ie £97.780 per cent.

Barclays Merchant Bank Limited

S. G. Warburg & Co. Ltd on behelf of

Eaton Finance N.V.

11th June, 1984

The brokers to the issue were Hoare Govett Limited

<u> Cara di Promo di Parente dell'Indiana dell'Artico di Companya dell'Artico de</u>

UK COMPANY NEWS

Fraser board hopes for DoT support

House of Fraser bopes the Department of Trade ministers pointing ont that the loss of the two leading anti-Lonrho directors would alter the status quo at a more professor Roland ministers pointing ont that the loss of the two leading anti-Lonrho directors would alter the status quo at a time when a Monopolies and mergers Commission inquiry is taking place.

Professor Smith and Mr Sharp are their positions on the Fraser their positions. Ernest Sharp, a non-executive director, off the board.

director, off the board.

The Fraser board is worried that if these two men are ousted the fight against Loorho's attempts to gain control and demerge the Harrods store from Fraser will collapse.

Lonrho has a 29.9 per cent stake in Fraser but the voting for the former land week.

see their positions on the Fraser board as the most crucial issue in the latest twist to the long-running battle between the com-

the fight against Loorbo's attempts to gain control and demerge the Harrods store from Fraser will collapse.

Lorrho has a 29.9 per cent stake in Fraser but the voting for the forthcoming annual meeting, which has been postponed to an unspecified date, is expected to be close. The Fraser and Lonrho camps are about evenly matched with 12:15 per cent of the chares in neutral hands.

Fraser bas been lobbytog running hattle between the company and Loorbo.

Mr Norman Tebblt, the Trade Secretary, asked the Monopolies Commission on June 1 to Investigate Lourbo's attempt to obtain the election of 12 new directors to the Fraser board Lonrho later filed requisitions seeking to nominate four directors to the Fraser board though it is not clear if the original resolutions nomineeting 12 directors will be withdrawn.

Harris and Debenhams in non-aggression pact

BY CHARLES BATCHELOR

THE PROPOSED link-up between THE PROPOSED link-up between Harris Queensway, the carpet and furniture retailer, and Debenhams, the department stores group, will contain a "mutual non-aggression pact," Mr Robert Thoroton, the Debenham's chairman and restarday men said yesterday.

Mr Thornton and Mr Phil Harris, chairman of the acquisition-bungry Harris Queensway, both denied yesterday that e take-over bid would emerge from the cooperation agreement the two companies have been negotiating for the past feet months. tiating for the past few mooths.

Mr Harris said: "We have no intention of making a hid for Debenhams and we have bought no shares. Our discussions about working together in carpets, furniture and electrical goods are going well."

Detailed agreement betweeen

expected to give Harris Queen way franchisee in these product areas in Debenhams. Contracts should be signed on Monday, June 18, Mr Thoroton said. He added: "The agreement in-cludes a mutual non-aggression

pact. We knew at the beginning someone would start talking about a takeover bid so we in-

about a takeover bid so we included that.

"The deal is done on the basis the two companies need each other and we are not going to be naughty to each other."

Mr Thorntoo said he did not know who was behind the knying of Debenham's shares last week which pushed the price up 15p to 178p. Sears Holdings was rumoured to be a possible buyer.

Harris Queensway has been Harris Queensway has been twice thwarted in its ettempts to expand by takeover in recent mooths and much speculation has surrounded the Debenhams deal.

Spectrum joining USM

Spectrum, which distributes consumer durables including home computers, software and photographic equipment to independent retailers, is joining the USM. Barclays Merchant Bank has placed 2.3m shares at 130p each, giving a market value of £15m.

Mr Michael Stero and Mr Alan Warren who founded the company made pre-tax profits of £307,000 on turnover of £129m. In the first six months of the current rear profits rose to inectrum, which distributes con- into the supply of home com

Mr Michael Stero and Mr Alan Warren who founded the company describe themselves as marketeers. They started out in the photography business and brill up a trading association among smaller retailers who needed the back-up of marketing and regular purply. They now and regular supply. They now shares sel have 184 photographic members a yield of and another 188 computer members from the more recent move company.

In the first six months of the current jear profits rose to fil.06m on turnover of fil.4m. The company forecasts profits of fil.7m for the year to June 1984. At the 130p placing price the shares sell on a p/e of 15.4 and a yield of 2.2 per cent. Phillips & Drow are brokers to the company.

Offer for 29.9% stake in CGA

THE Country Gentlemen's Association (CGA) seems set to give a cool response to yesterday's film offer from The Atlanta Investment Trust for a 29.9 per cent stake in its equity.

Atlanta, which is developing into a financial services group, offered to buy 218,000 shares at np to £5 each compared with the recent CGA price of 390p to 490p.

about the approach. I would have preferred to see their letter before it was made public. The CGA has been the object of attention for 30 years from people who thought they could do better and we are still independent."

Property and casualty market

conditions in U.S. 'abysmal'

Upsurge to £5.6m at Sound

Diffusion

AN UPSURGE in profits from £3.25m to £5.64m for 1983 is reported by Sound Biffusion, the electronic engineering group concerned with communications and security installations. And the dividend is being effectively lifted from 0.29p to 0.348p net.

Progress during the current year to date and progress which may be reasonably expected to occur during the remainder of the year "ndicates that exceptional growth will be achieved tional growth will be achieved in 1984," the directors state. At the end of 1983 shareholders' funds had advanced by £5m to

Turnover in 1983 advanced from S9m to 512.94m, and the operating profit from 53.77m to 58.79m. Tax charge—ACT—is 2207.900 (5172.000) and earnings are 3.29p (2.22p) per share.

Rohan says DAD should disclose counter-offers

By Brendan Keenan in Dublin By Brendan Keenan in Dublin
THE CHAIRMAN of Irish property group, Rehan, which has made an offer for another property company, DAD, told an EGM of his company that the DAD board should disclose the data of the property of

DAD board should disclose the details if any other parties were seriously interested in making a counter-offer.

The meeting approved the all paper offer of 10 Rohan shares for 43 DAD shares. The deadline for acceptances has been extended to June 15, with Rohan holding 48.17 per cent when the original deadline passed last Friday.

There has been active buying of DAD shares on the Dublin market recently. No shares changed hands officially on Friday but a nominal price was quoted of 66p-70p. Rohan is precluded from increasing its offer, which values DAD at 129.5m. The shares stood at 52p when the offer was made.

DAD directors have advised a contract the contract of the offer was made.

DAD directors have advised against acceptance, saying the offer is not fair and reasonable. Their portfolio of, mostly commercial property, is valued at I£11m. Rohan chairman, Mr Ken Rohan, said yesterday he believed ao higher offer would emerge. Roban shares were quoted this week at 250p to 270p.

F.T. Share Information

The following securities have been added to the FT Share Information Service:
Allied Corporation (Section: Americans), Amer Group (Industrials), Barrow Milling (Foods, Groceries), Cluff Oil Warrants (Oil and Gas), Data General Corporation (Americans), Delaney Group (Industrials), Houston Industries Inc. (Americans), Meridian Oil NV (Oil and Gas), Northern Telecom (Electricals), Pantherelia (Textiles), Queen Margaret Gold Million (Million) tiles). Queen Margaret Gold Mines (Mines — Australlians). Sparges Exploration N.L. (Mines —Australlans). Oy Wartsila AB (Industrials).

Ecclesiastical Ins.

Pre-tax profits of the Ecclesi-astical Insurance Office were little changed at £2.27m in the year to February 29, 1984, against £2.33m previously. Tax charge dropped from £969,000 to £598,000 and there were also Atlanta, which is developing into a financial services group, offered to buy 213,000 shares at np to £5 each compared with the recent CGA price of 390p to Mr Peter Earle, chairman and chief executive of the CGA, said yesterday. "I know very little independent." Independent." against £2.33m previously. Tax charge dropped from £969,000 to \$258,000 and there were also extraordinary debits of £385,000, Gross premiums in the period totalled £48m, against £2.33m previously. Tax charge dropped from £969,000 to \$258,000 and there were also extraordinary debits of £385,000, Gross premiums in the period totalled £48m, against £2.33m previously. Tax charge dropped from £969,000 to \$258,000 and there were also extraordinary debits of £385,000, Gross premiums in the period totalled £48m, against £2.33m previously. Tax charge dropped from £969,000 to \$258,000 and there were also extraordinary debits of £385,000, Gross premiums in the period totalled £48m, against £2.33m previously. Tax charge dropped from £969,000 to \$258,000 and there were also extraordinary debits of £385,000, Gross premiums in the period totalled £48m, against £2.33m previously. Tax charge dropped from £969,000 to \$258,000 and there were also extraordinary debits of £385,000, Gross premiums in the period totalled £48m, against £2.33m previously. Tax charge dropped from £969,000 to \$258,000 and there were also extraordinary debits of £385,000, Gross premiums rose by £6.3m and there were also extraordinary debits of £385,000 and there were also extraordinary debits of £385,000.

Financial Times Monday June 11 1984

BUSINESSMAN'S DIARY

UK TRADE FAIRS

AND EXHIBITIONS June 12-14
IBM Computer Users Show (01
Wembley The International Fluid and Mechanical Power Transmission Mechanical Power Transmission and Control Exhibition and Conference FLUMEX (01-828 8128) NEC, Birmingham June 26-28 Computers in Personnel National Exhibition and Conference (01-

Lancaster Hotel, W2 July 19-22
BBC Micro Users' Show (061-456 July 23
July 23
July 23
Insurance Information Exchange 8383)
Exhibition (0323 642449)
City Conference Centre BFE Furniture Show (01-724 0651)
Exhibition (01-724 0651)
August 16-19
Theor Exhibition (01-93)
Olympi 946 9100)

July 5-7
International Military Helicopter
and Equipment Exhibition (61643 8040) Middle Wallop
July 10-12

August 19-22
International Craft and Hobby
Fair (04252 72711)
Wembley Conference Centre

OVERSEAS TRADE FAIRS June 18-21 Bioenergy 84 Exhibition and Bioenergy Conference (151) Gothenburg Viewdata and Communication Technology Exhibition — TELE-MATICA (01-236 0911) Stuttgart June 19-22

June 19-22
Latin American Petroleum Show
(01-549 5831)
June 24-27
International Fancy Food and
Confection Exhibition (01-891
5051)
Washington DC

Graphic Arts Show—GUTEN-BERG U.S.A. (01-318 0900) Chleago August 7-11 Dublin Horse Show (Dublin Dublin 680645) August 16-18 International Electronic Produc-tion Exhibition—INTERNEPCON SE Asia (01-891 5051) Singapore August 21-23 Finnish Fashion Fair (01-486 Helsinki

June 26-27
Chicago Mercantile Exchange:
Introductory Seminar for Options
on Deutsche Mark Futures
(01-920 0722)

Filton International, Dusseldorf (June 26) Grand Hotel Continental Munich (June 27)

June 27 Oyez IBC: IOI personal tax planning points (01-236 4060) Portman Hotel, Wi

The Industrial Society: Productive Management/Union Relations in a Competitive World (G1-839 4300)

Portman International Hotel, WI July 1-7

The Institute of Petroleum: 10th Energy Seminar (01-636 1004) Robinson College, Cambridge

Macfarlane Conferences: The New Age of Pharmaceutical Marketing—maximising the effec-

tiveoess of reduced promotional budgets (01-637 7438) Portman Hotel, WI

International Satellite and Cable TV Exhibition and offer CABLE (01-868 4468)

July 10-12 Education Training and Develop-ment Exhibition and Conference

(01-637 2400) NEC Birmingham

July 10-12 Great Yorkshire Agricultural Show (0423 61536)

August 15-19 Acorn User Exhibition (01-930 1612) Olympia

Wembley Conten

1951) July 2-6 International Computer Technology Exhibition—COMPUTA (01-705 6707) Singapore 1551) Heriati August 24-26 International Men's Fashion (01-930 Cologne

BUSINESS CONFERENCES

June 12-13
Oyez: The Consumer Credit Act and New Regulations—Putting the Law into Practice (01-236 London Marriott Hotel, W1 Cavendish Conference Centre, WI

June 14 Arco Chemical Europe Inc.: Second oxygenated fuels confer-ence (01-831 9599) Le Pavillen D'Armenonville,

June 14
Insig: Strategic planning in
banking, the new payment
systems choices ((1) 763.07.24)
Paris June 18-19 FT Conference: The European Offshore in 1984 (01-621 1355)

Tune 20-21 June 20-21
FT Conference: World electronics — future strategies for
Europe (01-621 1355)
Intercontinental Hotel, W1
Paris

Henley Centre for Forecasting: Future for Business (01-363 9961) CBI, Centre Point, WCI June 25-26:
FT Conference: Foreign
Exchange Risk (01-621 1355)
Dorchester Hotel, W1
Future for Business (01-353 9961)
Future for Business (01-353 9961)
NEC, Birmingham

June 26
Stratford Financial Services: The Construction Industry after the Budget 1994, particularly the Budget 1994, particularly the University of the Construction Industry after the Budget 1994, particularly the Longman: Tax Shelter Investments after the Finance Bill (01-235 4766)

Carlton Tower Hetel, WI

June 28-27
The Economist: Can small firms get a fairer deal when competing Tower Hotel, El

Anyone wishing to attend any of the above events is advised to

telephone the organisers to ensure that there has been no change in the details published

July 3

Financial Times Conferences

THE EUROPEAN OFFSHORE IN 1984 Oslo - June 18 and 19

A wide range of subjects will be discussed at this conference in Oslo, one of the most interesting being the problems feeing investors in a period of mounting costs and static or even declining oil prices. Mr Kazer Kristiansen, the Norwegian Energy Minister, will open and Mr G. M. Ford, Mr J. G. Cluff, Mr Hans Henrik Ramm, Dr David Smith, Dr Rajai Abn Khadra and Mr E. G. Greve will be among the speakers.

WORLD ELECTRONICS:

Future Strategies for Europe

London — June 20 and 21 1984

Keynote addresses at this forum, the seventh in the series, will be given by the Rt Hon Norman Tebbit MP, Under-Secretary Lionel Olmer, M. Laurent Fabius and Viscount Davignon, with the industry itself represented by many of its leading figures, inclading Mr Gerrit Jeelof, Mrs Marisa Bellisario and Mr Bjoern Svedberg.

FOREIGN EXCHANGE RISK—1984

London — June 25 and 26 1984

The debate at this timely and topical forum for bankers, corporate treasurers and financial directors will centre upon the outlook for the dollar and the spectacular development of new products and techniques to assist industry and trade in dealing with their foreign exchange problems. The econometric and technical analysis approaches currently practised by the forecasting industry will also come under close scrutiny. Since the conference programme was first announced the distinguished panel of speakers, which includes Mr Scott E. Pardee, Dr Reinhold Stoessel and Mr H. Ogai, has been joined by Mr David Morrison, senior economics consultant to Simon and Coates and Dr Valerie Brasse of the City University Business School.

All enquiries should be addressed to: The Financial Times Limited Conference Organisation

Minster House, Arthur Street, London EC4R 9AX Tel: 01-621 1355 (24-hour answering service)

Tix: 27347 FTCONF G - Cables: FINCONF LONDON

THE PROPERTY and casualty in the U.S., writing turnround is coming season have been very difficult."

which produces the largest and whether the market will start to tighten up premium the world, is in a depressed tate. Last year insurers in that results are being affected and any material effect on direct insurance. "The large insurer."

market suffered the worst underwriting results since the San Francisco earthquake and "The market conditions are "The market conditions are abysmal and pricing has been very competitive. Everyone's results are suffering." That is the view of Mr William Schrempt, president of CIGNA International, part of CIGNA Corporation, in acquisition terms one of the fastest growing insurance groups in the ing insurance groups in the U.S. and the second largest

insurance group after two years of bectic expansion. For the first quarter of its financial year CIGNA reported an operating loss of \$23.7m (£17m) for the three months ending March 31 compared with an operating profit of \$76.6m a year ago. Revenues were \$3.39bn compared with \$1.292bn.

"With our focus on com-mercial lines of business, where mercial lines of business, where of the U.S. underwriting cycle. commercial is by far the most competitive we've had pretty lousy results," said Mr Schrempf. "The extremely comes from outside the U.S. competitive we've had pretty lousy results," said Mr Schrempf. "The extremely competitive nature of U.S. markets has been aggravated

by the high rate of catastropbe He cltes the hurricane last autumn, a series of ice storms in September and storms along the East coast, and a "difficult"

group's expenses at a time of more competitive conditions and increased productivity.

The group was formed from a merger of INA Corporation with Connecticut General in 1982. Since then that merged group, named CIGNA Corporation, has acquired AFIA, an international deserged and applications of the content of the cont international insurence under-writing association, and Crusa-der Insurance, once part of the

national network which will offset some of the worst effects

domestic market. Moreover, the group bas per-ceived some bardening of rates in the reinsurance markets, particularly where fixed shares of direct insurance accounts are reinsured on a proportional

start to tighten up premium rates. But certainly insurers results are being affected and a number of companies have said 'this bas got to stop.'"

At CIGNA be argues that the the aggressive acquisition programme has belped reduce the trisks are relatively small compared with CIGNA'e capacity."

pared with CIGNA'e capacity."

A hardening of reinsurance rates would not necessarily infinence direct rates. Rather, he argues, it would take a conscious collective decision of the market "to raise prices."

In Europe, Mr Schrempf does not believe that the recent upturn in reinsurance has had any material effect on prices. any material effect on prices on premium rates in the direct

Although Europe, like the U.S., is suffering from an over-capacity of insurance capital, conditions he feels are not as competitive.

"Markets are competitive on fire accounts and large accounts but they are not ridiculous. They are highly competitive in Europe, but they are not destructive."

If the proportional reinsur-ance market tightens, he says, in terms of premium rates and capacity, and excess of loss reinsurance rates also follow that trend, "there will be an increase of price and a shrinking of capacity on the property side in Europe."

Unlike the U.S., the property insurance market in Europe is much more beevily influenced tornado season, as other influenced on the poor overall ences on the poor overall results in property and casualty "but I believe there has been underwriting.

"It's early days," be said, ket, particularly on proportional insurance market in Europe is much more heavily influenced by the availability of reinsurance, which could lead to a genuine tightening in the market.

TECHNOLOGY

CANCER TREATMENT DRUG MAY BE MADE MORE CHEAPLY

Cost cut hope for protein A

BY STEPHANIE YANCHINSKI

A SMALL biotechnology company is set to begin production, thanks to British technology, of Continuous fermentations of between film and fil.5m in smaller fermentation vessels protein A sales elone, in their and equipment, thus reducing first year. Leif Ek, head of the investment in building and

1 - 1 Z - 1

13 (14) (2) 14 (14) (2)

ing for the rights to manufacture protein A by a method of fermentation which most pundits dismissed as uneconomic for manufacturing pharmaceu-ticals. But Fermentech's pro-cess seems to work, and could drastically drop the price of this valuable substance, which per cent over batch processes. many feel represents o funda-mental edvance in the treot-ponent of the cell wall. In the

isease. Derek Lennon, Fermentech's chairman and managing director, says "Protein A holds special promise for treating autoimmune diseases." where the body officials of the could be useful in treating Acquired Immune Deficiency Syndrome. AIDS, and Kaposi'a sarcoma, a common symptom of the body ottacks its own tissues, and for treating acquired immune deficiency syndrome, the so-called "Gay

small quantities of highly valued pharmaceuticals such as valued pharmaceuticals such as interferon, and work on the "hetch" principle. This means the broth in the fermenter is innoculated with microbes which are allowed to grow only for o fixed period, generally measured in hours. The microbes are then killed, so that they hurst open ond release their ralueble product. Then their valuable product. Then this must be laboriously purified from the porridge medium. The entire fermenter system must then be completely emptied, cleaned and sterilised for the next batch.

An alternative idea is to run process "continuonsly." This a process "continuously." This technology, pioneered in Britain over 20 years ago, involves feeding sterile broth technology, pioneered in Britain over 20 years ago. However, so promising is the cinvolves feeding sterile broth continuously into the fermentation research in which conditions are strictly controlled. A mix-are strictly controlled. A mix-broth is continuously removed, Skandigen anticipotes a return beoth is continuously removed.

Skandigen anticipotes a return shows company.

However, so promising is the Eliwood, who has ploneered world with protein A for test. Eliwood, who has ploneered such studies at the Centre for discussing a joint research groups oll over the Eliwood, who has ploneered such studies at the Centre for discussing a joint research groups oll over the Eliwood, who has ploneered such studies at the Centre for discussing a joint research groups oll over the Eliwood, who has ploneered such studies at the Centre for discussing a joint research groups oll over the Eliwood, who has ploneered such studies at the Centre for discussing a joint research groups oll over the Eliwood, who has ploneered such studies at the Centre for discussing a joint research groups oll over the Eliwood, who has ploneered such studies at the Centre for discussing a joint research groups oll over the Eliwood, who has ploneered such studies at the Centre for discussing a joint research groups oll over the Eliwood, who has ploneered such studies at the Centre for discussing a joint research groups oll over the Eliwood, who has ploneered such studies at the Centre for discussing a joint research groups oll over the Eliwood, who has ploneered such studies at the Centre for discussing a joint research groups oll over the Eliwood with an indictoor called Marlin. It has been desuched with protein A for test.

Skandigen AB, a group of Eliwood, who has ploneered such studies at the Centre for discussing a joint research groups oll over the Eliwood with an indictoor such states and protein A for test.

Skandigen AB, a group of Eliwood, who has ploneered such states at the Centre for discussing a joint research groups oll over the p

ing manager, believes that fermentation capability. They continuous processing could cut are o good group of people. We tho price of protein A, which have great patience, and we tho price of protein A, which have great patience, and we then through to the end."

See them through to the end."

Farmentech was established workers are proposed to exploit the considerestimate productivity can be increased by between 300 to 400

this valuable substance, which many feel represents o fundamental edvance in the treotoment of cancer.

It is awill difficult to target cancer drugs specifically to attack a tumour. They often harm healthy as well as sick tissue. Scientists suspect that the protein A could oct in a more subtla way, by boosting the body's own defences against the disease.

Derek Lendon, Fermentech's of fundamental component of the cell wall. In the case of antoimmune diseases antibudies doctors now suspect that attack the patient's a bit more protein A could oct in a more subtla way, by boosting the body's own defences against the disease.

Derek Lendon, Fermentech's of undamental component of the cell wall. In the case of antoimmune diseases should vastly improve the economics of producing fuel alcohol, and to the scheduling of a pilot plant in the United States.

Fermentech manufoctures protein A may such as protein A and hyaluronic acid. Hyaluronic acid is another body'a own disease-fighting cells.

AIDS.

syndrome, the so-called "Gay syndrome." Experts such as Dr Anthony Atkinson, a molecular biologist with the Centre for Applied Microbiology Research, Porton Down, predict that, at the very east, protein A will be o "universal diagnostic" for a variety of infectious diseases.

Most biotechnology processes are tailored for manufacturing biotechnology industry.

protein A uo not stop Bound to o solld support and bound in a solution, will pull out of a solution, trickling through many interesting biological molecules such as monoclonal antibodies, a very pure form of ordinary antibodies. These are one of the pillars of the burgeoning biotechnology business particularly in the U.S. where batch larly in the U.S. where batch

lng large quantities of pcotein A to purify their monoclonal antihodies, which they are beginning to produce in hulk quantities.

Today, much of the world's supply of protein A for research comes from the Swedish pharmaceutical company laboriously Pharmacia. It laboriously extrects and purifies protein A from the walls of Staphylococus bacteria grown in batches. Pharmacia wants to increase production of Protein A and has signed an agreement with an unknown company.

pany is set to begin production, thanks to British technology, of a unique and very scarce biological substance for treating cancer.

Fermentech Ltd is negotiating for the rights to manufacture of the interval of the interval of the interval of the investment in building and explains: "The reason wo constant. Continuous fermentation vessels protein A sales elone, in their and equipment, thus reducing first year. Leif Ek, head of the investment in building and Skandigen, and ex-Pharmacia, or hours, and are, theoretically, more efficient. Dr William invested in Fermentech was logy processes, is easier to prevent that the violation vessels of the investment in building and skandigen, and ex-Pharmacia, plant. Contamination, a personal content of the investment in building and invested in Fermentech was logy processes, is easier to prevent into the investment in building and operate over months, not days of the investment in building and investment in building and operate over months, not days of the investment in building and investment in building and operate over months, not days of the investment in building and investment in building and operate over months, not days of the investment in building and operate over months, not days operate over mon

removed.

gramme, by o factor of

). Some fermentation experts stimate productivity can be acreased by between 300 to 400 er cent over batch processes.

See ment the base of Farmentech was established in 1980 to exploit the considerable acreased in Britain of producing fuel alcohol from malze, Research led to more

hiological product, extracted from rooster combs, and marketed by Pharmacia as Healon,

Healon is used to repair eye lens during cataract surgery.
With larger quantities available, The potential opplications of protein A do not stop there. Bound to e solid support and packed in a column protein A

The only hiotechnology processes running continuously make bulky cheap commodities such as gasobol and lCI's animal feedatuff Pruteen. Continuous fermentation has been neglected by the hurseopies.

Hericate protein inside.

Dr John Hermann, head of Gloxo's hiotechnology unit, is still unsure about the use of continuous fermentation. He points out that the already minule amount of product is still unsure about the still unsure about the still unsure amount of product is still un Celltech, Britain's main larly in the U.S. where batch genetic engineering company, is reportedly interested in acquiring large quantities of pcotein A to purify their monoclonal antihodies, which they are thousal pharmaceuticals. Contacting the statement of th tinuous fermentation might be opplicable in the production of citric acid, amino acids as well as certain commodity and specialty chemicals, such as monomers for plastics.

Continuous fermentation is technically more difficult than hatch processes, and the principles and practices behind it are not completely understood.

"Its success depends on a better underslanding of how microbes control their matabonism," says Professor Dereck Ellwood, who has ploneered such studies at the Centre for Applied Microbiology Research, Porton Down.

Fermentech claims that con-

ROBOTICS RESEARCH

Automatix seeks Warwick's robot eyes

AUTOMATIX, the U.S.-based his company to grow more robot manufacturer, is paying rapidly than it might otherwise engineers at Warwick Universet. In the early stages we versity £200,000 over three years can lean on the people in the to come up with new forms of intelligent machines.

It is an easier process to scale up and bacleria generally prefer British technical centre on the a constant environment where university's recently opened sclence park, bas placed the research contract with War-wick's manufecturing systems dapartment. Workers will inthe feed, acldity and temperature variations are kept to o minimum. These inherent ad-vantages, combined with the solid experience in growing vestigote how to add sensors to large masses of microbes over long periods of time, built up in robots so that, for example, the machines can "see" what they the UK over the past 20 years, could give Fermentech an edge over its American and Swedisb ore doing in jobs in car factories such as welding. The research cootract is ona

example of whot Mr Dovid Rowe, the director of the science park, saya are a number competitors. Lennon claims. The key to Fermentech's process, developed by Professor Charles Brown, head of the Deof formal connections between the dozen or so companies on the park and university departcharles Brown, head of the Department of Microhiology, at Heriot-Wott University, near Edinhurgh, is that changing o single nutrient in the hroth triggers the cells to "export" product into the surrounding medlum. Here, it can be easily however without building the ments. International

another tenant of the park, is talking to workers of the uni-versity's biology department ahout joint projects in genetic hervested without killing the cells. Normally, the cells must engineering. The company is interested in applying these techniques to animal breeding. he broken open to retrieve the nrotein inside, followed by a lengthy purification procedure Nima Technology, o company that makes machines which turn to separate cell debris from the delicate protein inside. out thin chemical films, hes similar contacts with the departmeots of physics and engineer-

similar contacts with the department of physics and engineering.

Mr Peter Starmer, managing director of the British subsidiary of Automatix, says that heving o technicel centre adjocent to the university is "tremendously helpful." The British arm of Automatix started up only in January and expects soon to win its first order, from a car manufacturer.

Mr Rowe has persuaded to give their services free of chorge. The companies are Berclaya Bank, Coopera and Lyhrand, which gives advice on eccountancy, and Inhucon, the management-servicea organisation.

Mr. Rowe, a former engineer with the UK. Atomic Energy Authority, is also talking to financial institutions about setting up a venture-capital fund order, from a car manufacturer.

Mr Stormer says that he management of the university is also talking to financial institutions about setting up a venture-capital fund order, from a car manufacturer.

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Mr. Rowe, a former engineer with the UK. Atomic Energy and Inhucon, the management-servicea organisation.

Mr. Rowe has persuaded to give their services free of chorge. The companies are Berclaya ancy, and Inhucon, the management-servicea organisation.

about six companies, should be finished this autumn. West Midlands County Council is paying film to fund this part of

university and draw on their ntelligent machines. expertise in computers and The company, which has its manufocturing technology."

range between ventures in elec-tronics to e company owned by Sir Clive Sinclair that is developing electric vehicles. All the companies in the park occupy small units in a £1,25m "incubotor hutlding" financed by Barclays Bank. A further set of rather higger work spaces, for a maximum of

The science pork is managed by a compeny, headed by Mr Rowe. It has a staff of four. The main shareholders are the university. Weat Midlands
County Council and Coventry
City Council.
Mr Rowe says he expects the

managemoni team to remain managemont team to remain small to keep down overbeads. If tenants of the perk—pertleularly small enterprises that have just sterted—require management help, they can obtain It from three companies, which Mr Rowe has persuaded to give their companies.

MARINE LOADING MONITOR

terial products through genetic engineering. None of the criticisms or un-certeinties deters Fermentech's

OWNERS of tankers and hulk keyboard. The operator re-

sponds to the machine's questions and, in return, gets an indication of the ship's stability and loading characteristics. Add-ons to Marlin include poyrill calculotion, storekeep-ing records, word processing and inventory. More details

the company on 01-330

Better joints

Gary Lewis and Terry Huxley, company, Excalibur Hand Tools of Merthyr Tydfill, has won the Opportunity Wales award. This success is due to their innovative building tool, Pointmaster. It was developed to help a local hulder, but it was soon realised that it had potential for a far wider market.

A year ago two engineers,

EDITED BY ALAN CANE

Pointmaster enables bricklayers—whether professional house builders or garden wall amateurs—to produce joints to the specifications of the 1970 and 1973 British Code of Practice. "It creates a uniform scaled and compressed joint to a regular leave and form scaled and compressed to the scale of t pressed joint to a regular depth and form, so it minimises water penetrallon and frost damage," said Terry Huxley. "And, as it creates cleaner joints, no mortar is left on the brick face."

As well as its obvious neat-ness, Pointmaster also ensures that limesione mortar remains a uniform colonr.

The tool has ottachments to match the various joints required. Its first production run is due this month and Excallbur Hand Tools already has several orders.

Computers

ICL/Fujitsu agreement

FUJITSU and International Computers, ICL, have decided to extend their co-operation agreement until 1991. This covers the supply of computer components from Fujitsu to ICL and the development of

ICL and the development of new products.

The two companies began working together in 1981. Then Fujitsu gained access to ICL's mainframe companier technology. Both companies also reaffirmed their commitment to Opens Systems Intorcouncetion. This is a group of standards aimed at making sempoters and equipment of computers and equipment of different types, oble to com-municate more easily with one onother. American Tele-phone and Telegraph, AT&T, also supports this standard though IBM is promoting its own system.

FORTUNE we think ahead

Market leaders in micro technology 01-741 5111

Aerospace

Cryogenic engine

ENGINEERS AT British Aerospace in Hatfield have devised o cryogenic engine for cooling the infrared seusors in olrborne reconnais-

sance systems. Such sensors must be kept at very low temperatures, at about -200 deg C, to obtain the required sensilivity. the required sensilivity.
Conventionally, the cooling is achieved by passing over the sensors o high-pressure gas; as the gas expands, it liquefies, rapidly absorbing beot from the equipment.

The new system uses the principle of the Stirling cycle. Discrete but and cold regions.

Discrete hot and cold regions ore created by the continuous compression and expansion of helium. In this way, heat is drawn from the part of the engine in contact with the sensors and is dissipated into

the otmosphere by fins. According to British Aero According to British Aerospace, the new engine
operates continuously. In
contrast, cooling systems
based on high-pressure gas
operate only for set periods
as they are limited by the
weight of gas that can be
stored on board the aircraft.
The company says the The company says the cryogenic engine has an operational life of five years and requires virtually no maintenance. It is therefore suitable for the severe operating conditions encountered by military aircraft.

Construction

High point cable car

SHAND BUILDING of Matlock is responsible for what it says is a high point in the history of the British con-struction industry—the completion of a 540 metre cable-car line in Derbyshire. The cars carry visitors 169 metres above the ground to the Heights of Ahraham, a noted tourist attraction.

THE WEEK IN THE COURTS

Europe clarifies compensation issue

THE taking by the state of an "every natural or legal person property individual's property has been is entitled to the peaceful Measures o constant source of public and enjoyment of his possessions. private debate ever since the countries of Western Europe sought solutions to the grave problems of post-war economic reconstruction by reorganising sectors of their economies. The immediate post-war policy of nationalisation was applied in the UK either to activities con-nected with communications (civil aviation and telecommun-(civil aviation and telecommunications) or to the strengthening of state control over the nation's financial machinery (nationalisation of the Bank of England) or to sectors of the national economy in which antiquated methods of production and the disorder of indivianuquated methods of produc-tion and the disorder of indivi-dual activity threetened to compcomise the work of recon-struction. This was principally the case with the coal industry and the distribution of electri-

1945-51 justified its nationalisa-1945-51 justified its nationalisa-tion programme with arguments based on more efficient plan-ning and on the introduction of economy in the administration of national wealth. In every case of a nationalised every case of a nationalised industry provision was made for the payment of compensation which was sometimes, although not always, calculated on a generous scale. Denationalisation (or privatisation) and renationalisation in the following 25 years did not lessen the often impassioned and frequently bissed debate about exproprihiased debate about expropri-ation of private property.

The arguments focused largely on the adequacy of tha compensation and the fairness of the method of computation for the disparate shareholdings in the corporate organisations that were taken into public ownership. When the last Labour odministration passed Act 1977, it was inevitable that the compensation provisions should again be the subject of controversy. Tols time, the individuals affected found a new avenue for airring their grievthe Aircraft and Shipbullding Act 1977, it was inevitable that ances in the European Convention for the Protection of Human Rights and Fundamen-

the applicants under Article 1 of the First Prolocol to the Con-

is entitled to the peaceful enjoyment of his possessions. No-one shall be deprived of his possessions, except in the public interest and subject to the coninterest and subject to the conditions provided for by law and by the general principles of international lew." The article surprisingly does not clearly enunciate a right to compensation for the taking of property, although a right to compensation is usually spelt out of the words, "no one shall be deprived of his possessions."

The protocol was concluded The protocol was concluded in March, 1952 and entered into

force on May 18, 1954. Three different opproaches were considered by the Committee of Experts who drew up the text of the protocol: to make an express requirement that there must be compensation for the text of the compensation for the taking of any property; to include a clause prohibiting "arbitrary confiscation," from which a right to compensation could he inferred; or to omit could he inferred; or to omit any reference to compensation, either expressed or implied. The first opproach had at one time o majority support. The second found favour with the Consultotivo Assembly of the Council of Europa in its first draft proposal. But it was the third approach, urged consistently by the UK delegate, which was adopted.

It was argued that "arbitrary confiscation" was too vague a concept for the derivation of a precise right to compensation. If it was further thought that the word "deprived" was a still feohlor expression to imply seriously a right to compensation, those who thought in that way have proved mistaken. The right has been inferred, but in only a restricted way that leoves notionalisers relatively free from attack over their forms of from attack over their forms of compensation.

be subject to the general prin-ciples of international law, has posed the most serious problem so far. In its early jurispru-dence the commission beld that international law referred to in the public interest" and "subis not lead to the conditions provided obligation of the First Prolocol to the Concention.

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Measures taken by a state with respect to property of its own nationals are, therefore, not subject to these principles of international law, in the absence of a particular treaty clause specifically so providing.

In recent years there were signs the commission was moving away from this interpre-tation of the article, and toward o principlo of the payment of fair compensation for notionals and non-nationals alike. But it has veered oway from this approach and has upheld the UK Government's assertion that UK Government's assertion that the "general principles of international low" do not apply to the taking of property of a state's own nationals. In affirming its own opinion in the case of Gudmundsson v Iceland, Application No. 511/59 the commission relled heavily on the travaux preparatoirea, the European equivalent to parlia-mentary debates recorded in Hansard, which no English judga may resort to for the interpretation of English legis-lation. nmission relied heavily on

At first sight the reference to "general principles" of international law in a provision of general applicability ("No-one shall be deprived . .") could be read as incorporating substantive principles for tha benefit of everyone entitled to protection of tha provision. It was more likely that the incorporation into the convention noration into the convention text of only such obligations as are actually imposed on a state by intornational law did not extend accordingly the scope of such obligations to cover the property of nationals. Any ambiguity that remained was resolved by examining the early drafts of Article 1 and the ultimate Resolution of the Committee of Ministers when mittee of Ministers when approving the text of the pro-

tocol and opening it for signa-The Committee of Ministers expressly recognised that "as regards Article I, the general principles of international law in their present connotation entail the obligation to pay com-pensation to non-nationals in so far. In its early jurispru-dence the commission beld that the article does not require a the article does not require a state, which deprives its own strasbourg handed down an impressively and dispassion-otely reasoned opinion, concluding by a majority (13 votes to 3) that there had been no breach of the rights of any of the applicants under Article 1 are the principles of the principles of the conditions provided international law referred to in the commission that the reference to international law was nationals. That there had been no breach of the rights of any of the applicants under Article 1 are the principles of the commission that the reference to international law was nationals. That there had been no process ignoring aubstance in the public international law was nationals. That there had been no process ignoring aubstance in the public international law was nationals. That there had been no process ignoring aubstance in the public international law was nationals. That there had been no process ignoring aubstance in the public international law was nationals. That there had been no process ignoring aubstance in the public international law was nationals. That there had been no process ignoring aubstance in the public international law was nationals. That there had been no process ignoring aubstance in the public international law was nationals. That there had been no process ignoring aubstance in the public international law was nationals. That there had been no process ignoring aubstance in the public international law was nationals. That there had been no process ignoring aubstance in the public international law was nationals. The choice of one mationals, are the probability of the commission that the reference to international law was nationals. The choice of one mationals, are the probability of the commission that the reference to international law was nationals.

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for using continuous fermenta-tious to manufacture pharma-ceuticals." he says. Glaxo alreedy has perfected ways of boosting the hatch yield of bac-

If that edherence to the traditional view that international law is only applicable to protect foreigners is disappointing, some comfort is afforded by the commission's interpretation of Article 1 for netionals. There is now established, as inherent in Article 1, a right to compensation for the taking of property of anyone in the jurisdiction of the expropriating state, where and in so far as the payment of compensation is necessary. of compensation is neces preserva the oppropriate rela tionship of proportionality between the interference with the individual's rights and the "public interest."

The notional law must lay down conditions for the taking of property which are in line with these requirements and are reasonably precise.

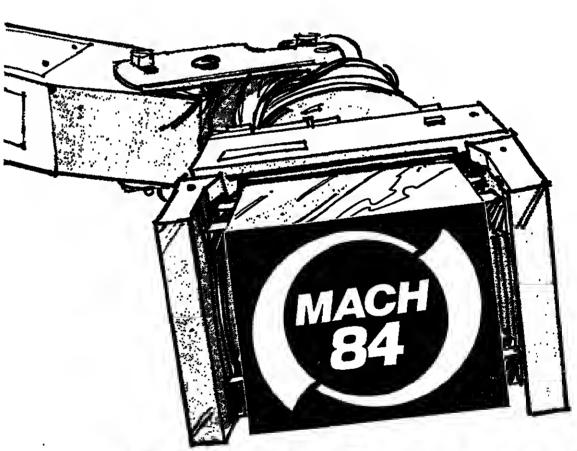
The commission concluded that the nationalisation of the aircraft and shipbuilding indus tries, on the grounds that they would ha put on a sounder organisational and economic footing and bring them a desir-ably greater degree of public control, and eccountability, was a measure the Government was entitled to take under Article of appreciation legally available to governments, the Govern-ment was entitled to consider the taking of the property to he "in the public interest."

The commission noted that the Government intended to pay fair compensation and believed that the terms of the 1977 act were indeed fair.

The commission concluded

the compensation terms did not involve the imposition of a disproportionate hurden such as to infringe the rights guaranteed under the protocol. It recognised that the terms produced a wide divergence in some cases between the value of the company concerned as at vesting doy and the compensation actually paid. To a large extent the existence of such divergences merely reflected the foct that business conditions and prospects (and bence share values) do fluctuate rapidly. Fairness did not dictate a method of compensation other than et the start of the nation

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Indices COUNTER **NEW YORK** Sales High Low Lest (Ing 1984 High Continued from Page 22 Migriffi, Mernly Microp H*me Bnds 65.46 65.51 66.72 65.65 65.69 71.75 64.81 187.57 478.19 486.98 479.42 486.49 812.65 457.82 457.82 Utilities..... 124.87 124.42 124.90 124.28 124.90 124.28 124.90 154.85 154.85 (29.61) (29.61) Trading Vol 000 t . 97,848 82,120 85,440 84,840 96,740 -36 Day'shigh 1137,88 (1139,12) low 1123,81 (1125, 11) June 1 May 25 May 18 year ago lapprox) industrial div. yield% e.07 4,55 STANDARD AND POORS High High Low Industr'is .. 178.57 178.26 175.27 174.80 175.31 155,17 154,82 155,01 May 25 year age lepprox ustr'al diy, yield 🖔 4.13 4.50 4,23 Industrial PrE ratio 10.98 11.60 11.70 Long Goy. Bond yield 13.89 ; 16.40 10.97 N.Y.S.E. ALL COMMON June 8 June 7 June 5 1,949 1,940 740 912 712 556 497 478 11 11 44 40 1684 June June June June -High Low 86,45 89,17 88,15 88,48 87,71 86,45 (8/1) (29,5) 4 High Metals & Minis. 1864.4 1596.3 2515.5 2022.49 2524.4 112/11 Composite 2274.7 2274.2 2282.5 2288.86 2585.7 18/11 116.70 110.77 111.15 111.87- 127.83 (18/1) - 106.34 (24/5) NEW YORK ACTIVE STOCKS etocks Closing 1raded price 229,900 23% 134,900 43% 106,000 105% 078,800 23% ,049,700 65% ing on e day + 24 + 4 - 4 Slocko Clesing on traded price dey ... 1,023,900 15²₂ ... 858,100 34³₃ + ³₄ 806,700 11¹₃ ... 800,100 68 +1²₄ ... 745,200 41²₆ ... AT & T
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Superior Oil 1,36 1 16 1,50 Syntrex. 9/scon System System System System System SCT Op 6 64 15 16 16 16 72 72 104 102 74 6 14 14 234 344 +4 OCG To Califil s Object Oceaner Octate Odisco OhioCa OhioCa OpicC OpicC Orbenc .92 TBC TCA Cb .12 Tackle s Tackle s Tandon ToCom Items s 1 Telepus Telepus Telepus .28 Telepus .01c Todity Temb s 54 Techno s 54 Techno s 55 Techno s 55 Techno s 56 Tec 4+444 +19

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+11,

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	June	June 7	6 704¢	- 6 Inbe	High 1	.984 Low
AUSTRALIA Ali Ord, 11/1/60r Metal & Minis, 11/1/60}	673,8 464,0	879.8 456,1		. 674,7 448,8	787,9 /9/1) 567,4 (8/1)	654.8 (51/6) 429.7 (51/6)
AUSTRIA Credii Alktien (2/1/62)	54.68	54,68	54,67	. 54 ,59	56,2t (2 ₁ t)	65.30 6/41
BELGIUM Belgian CE (81-17 56)	147,91	147.96	t48.50	148,57	156.25 (7:5)	155.28 (4/1)
DENMARK Copenhagen &E (6:1:88)	t85.t6	t85,74	t88,t2	le)	225,21 (20.1)	179,27 1,61
FRANCE CAC Deneral (31°12'82) and Tendenes (30°12'85)		172.4 107.5	172,2 167,5	173.1 107.6	161.7 (85) 115,6 (3-5)	155,6 (8,1) 99,4 (6,1)
GERMANY FAZ Aktien (å): 12:58) Commerzbank (l) 12:58)	246,59 1007,5	345.47 1001,2	344,21 998,6	844, 12 998,9	578.84 (2/2) 1096,5 (2/2)	538,88 (60:5) 588,3 (1:6)
HONO KONG Hang Beng Bank:31/7:84)	964.21	962, 14	882, 12	852,44	1170,35 (18/6)	671.06 (Art)
TALY Banca Comm Ital. (1972)	206,88	283,67	205.47	207.27	229.57 (1:2)	182.66 (2:1)
JAPAN Nikkei-Dow (18,5.45) Tekyo SE New (4,1/65)	79858,9 798,81	0318,00 796,28	10254,2 782,40	10258,7 782,70	t I, 190, 17 +4 51 876,62 +2,41	9130,4f (14,2) 735,45 (411)
NETHERLANDS ANP-CBS General (1970) ANP-CBS Indust 11978)	157,2 125,2	157.7 125.4	167.8 125.7	157,9 128,5	178,8 12 147,2 1/2	168,8 130:61 123,1 (25,5)
NORWAY Oslo aE 14/1/85)	258.26	292,55	264,82	271,22	286,70 (8/5)	221,67 14/11
PINO APORE 81ra:18 Times : 1886:	543.64	951.68	847,45	945,47	1071,81 (2)	S28,57 (28/6)
SOUTH AFRICA Oold (1958) Industrial (1958)	1845.5 1945.4	1081,1 1045,1			1075.6 ±5:61 1105.3 ±26:5:	783,1 (24:1) 962,6 (25:1)
SPAIN Madrid GE (50/12/83)	121,46	121.61	121.35	120.09	121,51 (7:6)	t81,22 (5:1)

** Seso voluse of all indices are 100 except Australia All Ordinary nd Moisis500. NYSE All Cermmon—50: Standard and Poers—10: and Perons Cemposis
and Metals—1,000. Teronto Indices based 1975 and Monital Porticia 8/1/8
f Excluding bonds. \$ 400 Industrials, \$ 400 industricia plus 40 Utilities. 4
Financials and 20 Transports. e Closed. u Unaveilable.

SWITZERLAND SwissBank Gpn. 161 | 12:581 | 254,6 | 585,7 | 285,8 | 385,7 | 226,7 | 16, 11

- | 179.2 , 179.3 | 178.5 | 190.6 :5.51 | 175.8 :51.51

SWEDEN Accobson & P. (1/1/68)

pital Inu. (1/1/70)

VLI
VLSI
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ValidLg
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Victor
Victor DPTODG: Quality construction

French Kier

Construction

Wins £36m

French Kier CONSTRUCTION, a member of the French Kier Group, have been awarded two motorway, 1 km of dual two-lamb motor

WILLETT has started work on a £8m office development at Queen's Street, Bristol, for Sun Queen's Street, Bristol, for Sun Aliance. The one-acre site will be known as Kings Orchard and overlooks the floating harbour. The design incorporales a riverside walk and new footbridge which will link Castle Park to St Philip's Bridge. The complex consists of a U-shaped block with an 8-storey ceptral core and two 6-slorey wings providing 80,000 ag ft of office spare. The building is brick clad on an inaltu concrete frame with a slated mansard roof and bas a basement car park. The majority of the mansard roof and bas a basement car park. The majority of the open plan offices are to be used by Sun Allience for thair regional heedquarters with the remaining 30.000 sq ft available for letting. The building is expecial to be ready for occupation in early 1986. Willelt is pert of Trollope and Colls Holdings, UK building division of Trafalgar House.

BUILDING CONTRACTS

£36m road works for Fairclough

#48 30

+12 +12 +14

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Of the £6.31m contracts received by Leeds-based ESPLEY-MANSTON CONSTRUCTION, the largest single order, valued at £3.5m, is for e retail and office development at Gatesbead. Other contracts are for flats at Shipley (£1.4m) and a new public bouse at Belle View. Manchester (£500,000). Espley-Manston Construction has also secured several design and build contracts including a warehouse and office scheme end refurbisbed student accommodation at York student accommodation at York

University.

Heading the £6.2m contracts
secured by Evesham b a s e d
Espley-Tyas Construction is a Espley-Tyas Construction is a f2.1m contract for an operational control rentre for British Gas at Swindon. Included in £3.1m worth of orders from the retail sector is a new homebase store for J. Sainsbury at Coventry, e DIY centre for RMC Homecare at Chesham and fitting-out of a stockroom and distribution rentre for Roots in Cardiff Espley-Tyas for Boots in Cardiff. Espley-Tyas Construction has also won a £1.25m design and build contract for alterations and extensions at the High Wycombe plant for Thorn-Emi to form e usw fac-

New benk hutldings and warden-assisted flats for the elderly ere assisted flats for the elderly ere among contracts worth over £8m awarded to the MILLER BUCK-LEY GROUP. Lloyds Bank has awarded a contract worth over £1m to Miller Buckley Construction for e new three-storey bank building in High Street, Banbury. Designed by Lloyds Bank Architects department, it will take 103 weeks to complete At Torquay weeks to complete. At Torquay, a block of 54 retirement flats are being built in a sheltered housing scheme developed by Stratheden Homes, e subsidiary of Miller Buckley, based at Bourne mouth. Other work includes e Barclay Bank renovation at Andover, a supermarkel for Wsitrose at Godalming, GLC housing estate work in Easl London and an industrial sewer for Halton Borough Council at Widnes. Miller Buckley Civil Engineering STRUCTION has been ewarded the M2 Medway Towns mainlenauce contract No 2. The contract,

This is a translation of an advertisement which, together with this translation, has been delivered to the Registral of Companies in Companies in Companies in



Compagnie Française des Pétroles

Société Anonyme

incorporated in France with Limited Liability and registered in Paris
No. 8542-051-180

NOTICE TO SHAREHOLDERS

INFORMATION RELATING TO THE ISSUE

By virtue of the euthorisation to increase the capital by a maximum nominal sum of F 2,500,000,000, conferred by the Extraordinery Generel Meeling of shereholders held on 26 June 1980, the Baard of Directors decided at its meeting on 6 June 1984 that the issued share cepitel will be Increased by F 170,578,250 to F 1,535,204,600 by the issue of 3,411,565 new shares of F 50 nominal each (14,996 of which will be 'A' shares and 3,396,569 will be 'B' shares) to be subscribed in cash and paid up in full on subscription.

The new shares will be issued at a price of F 240 per share, F 50 of which represents the nominal value of the share and F 190 represents the share premium.

Rights attaching to the new shares

These new shares, which will be subject to all the provisions of the Statutes of the Company, will rank for dividends with effect from 1 January 1984.

Consequently, in any allocation of profits which may be made in respect of the financial year which started on 1 January 1984 and in respect of subsequent years, or in the event of total ar partial repayment of their naminal value, these new shares will receive the same net embunt as thet payable on the existing sharee, with which they will rank pair passu.

Preferential subscription rights

A) The French State

By virtue of its right to maintain a holding of 35% of the share capital and to exercise 40°5 of the total number of votes in respect of the shares of all categories, the French State will preferentially subscribe 14,996 new 'A' shares and 1,178,859 'B' shares, out of the abovementioned 3,411,565 new shares at the issue price indicated above, after renunciation of the subscription rights attached to six of its shares,

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Subscription of 2,217,710 new 'B' shares, representing the balance of the increase of capital, will be preferentially reserved for the holders of the 4,200 'A' shares and the 17,737,481 'B' shares representing the existing share capital, other than the 122,473 'A' shares and the 9,428,373 'B' shares held by the French State.

The holders of these 4,200 'A' ehares and 17,737,481 'B' shares will have the right

As an irreducible right: 1 new 'B' share for 8 old shares ('A' or 'B' shares) held, without taking account of fractions.
In order to effect this operation, at this ratio, a shareholder has renounced the

subscription right attached to one share.

Shareholders not possessing a number of old shares corresponding to a whole number of new shares, will be able to combine to exercise their rights, but because the Company recognises only one holder for each share, they may not make a joint

As a reducible right: The number of 'B' shares that they shall indicate they wish to subscribe for in excess of those that they subscribe as an irreducible right.

The shares available for subscription as a reducible right will be those of the 2,217,710 new 'B' shares which have not been taken up as an irreducible right. The allocation of the shares eubscribed as a reducible right, should the situation arise, will be made pro rata to the number of existing shares ('A' or 'B' without distinction) in respect of which irreducible subscription rights have been exercised, without taking account of fractions, and without there being allocated a number of new shares in excess of the demand.

In a case where the same subscriber presents his subscription split up, the number of phases which will be allocated to him under the contest to subscription split up, the number of

In a case where the same subscriber presents his subscription split up, the number of ehares which will be allocated to him under his reducible right to subscribe will not be calculated on the total of the subscription rights which he will have exercised as an irreducible right, unless he makes e special request no later than the date of closure of the subscription period. This request must be attached to one of the subscriptions, and give all the information regarding the aggregation of rights, in pertuciar the number of subscriptions deposited, as well as the names of the organisations or agencies with which these subscriptions have been deposited.

Period and place of subscription

Subscriptions will be received without charge from 18 June to 19 July 1984 inclusive at the branches end agencies of the following organisations:-B— in the United Kingdom: Banque Parrbas in London Banque Indosuez in London

A— in France:
Benque Peribas
Banque Netionale de Parls
Crédit Lyonnals
Société Générale Societe Generale Banque Indosuez Crédit du Nord Crédit Chimique Crédit Commercial de France MM. Lazard Frères et Cie

Banque de L'Union Européenne
Banque Worms
Banque Françaiss du Commerce Exterieur
La Compagnie Financlère
Banque Steindecker
Banque de Neuflize, Schlumberger, Mellet
Banque de Gestion Privée

Establishing the right to subscribe

The right to subscribe must be established

— either by the deposit of registered certificates for stamping to indicate that the right to subscribe has been exercised

— or by the delivery of coupons giving the right to subscribe which have been released by the registered shareholders to whom such coupons were delivered to permit them to sell registered shareholders to whom such coupons were delivered to permit them to their rights

or by the delivery of coupon No. 63 (1) detached from individual share certificates

or by the delivery of noies issued by a bank or stockbroker relating to share certificales deposited in SICOVAM.

(1) Coupon No. 62 for the dividand payment applicable in the 1983 year should be retained by the owners of bearer shares.

For each new where subscribed either as an irreducible right or as a reducible right, there shall be paid F 240 (being F.50 representing the total nominal value of the share and F 190 representing ehare premium).

A notice published in a journal of legal announcements of the place of the registered office of the Company will indicate the rate of allocation of eubscriptions for shares as reducible rights, if any.

The funds not required in respect of such eubscriptions will be repaid without interest at the

place at which subscription was received.

The proceeds of subscriptions will be deposited with BANQUE PARIBAS—3 rue d'Antin,
PARIS 2nd.

Negotiability of subscription rights

The right reserved to the holders of the above-mentioned 17,741.681 existing shares to subscribe for 2,217,710 new 'B' shares preferentially will be negotiable. Those who dispose of irreducible rights to subscribe will also relinquish their reducible rights to subscribe for shares in favour of the acquirer, the acquirer of euch rights being purely and simply substituted in respect of the rights and obligatione of the holder of the existing share in relation to both the irreducible and reducible rights.

The new 'A' shares must be registered shares. The new 'B' shares held either by the French State or by public organisation or authority

must be registered shares.

The new 'B' shares, other than those referred to above, may be issued in either registered or bearer form, es the subscribers may choose.

No bearer shares will be physically hended over however: they will be represented by the names of the holders being registered with the agency of their choice.

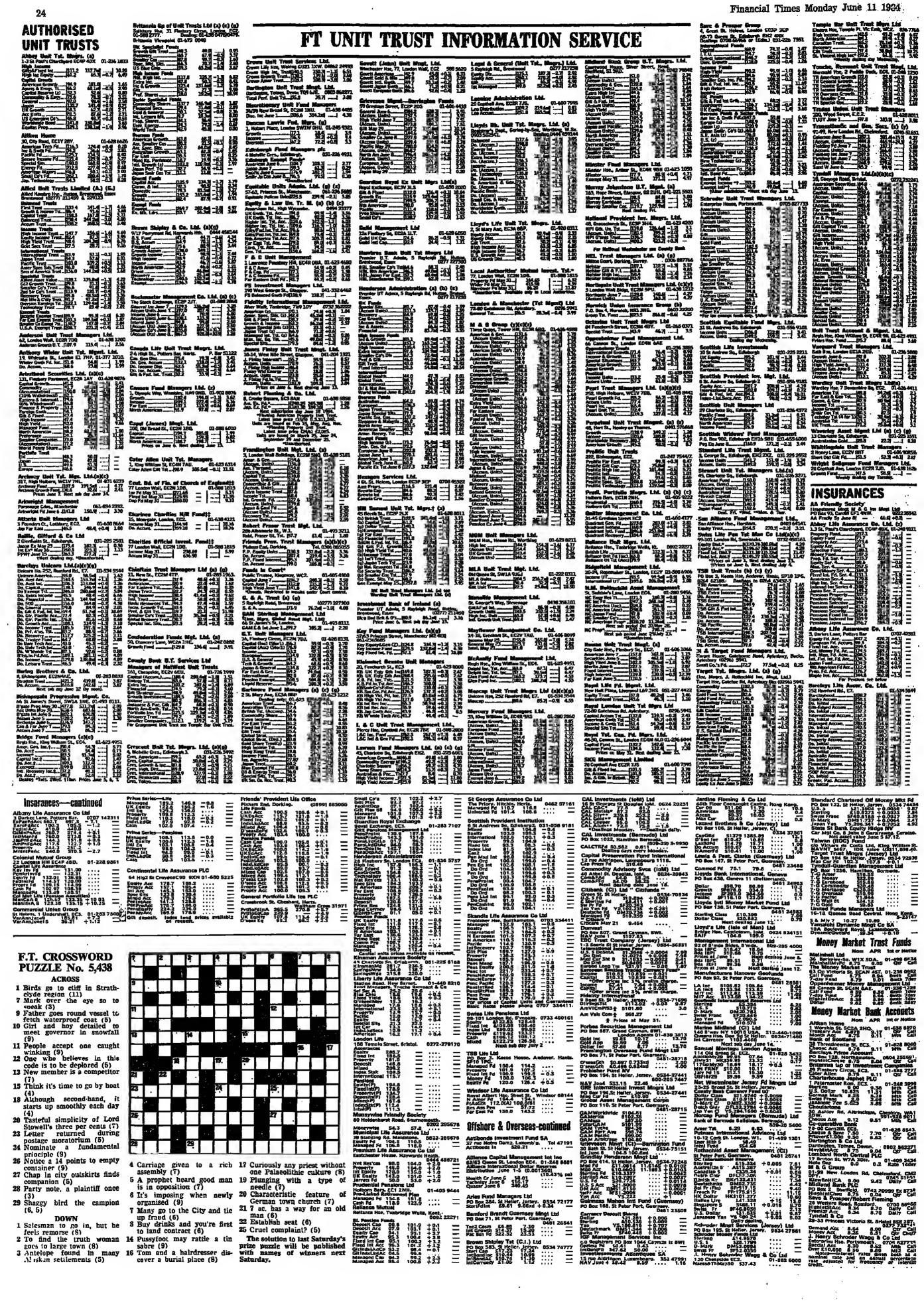
Application will be made for the listing of shares the subject of SICOVAM operations. It should be noted that, in any event, as from 3 November 1984, all the certificates for shares in the Company, whatever their form, must—under article 94-II of Act no. 81-1160 of 30 December 1982 (1982 Finance Act) and Decree no. 83-259 of 2 May 1983 releting to the system coverning securities—the entered in accounts held either by the Company or an system governing securities—be entered in accounts held either by the Company or an approved agency, as the case mey be.

The physical non-delivery of beerer shares on subscription will avoid the holders of the shares having to comply with the formalities governing depositing the shares in the due course and, failing such a deposit, being faced with the possibility of having their rights suspended or lost.

Application will be made for the 2,217,710 new 'B' sheres subscribed by shareholders other than the French State to be officially listed on the Pens Stock Exchange once the aubscription

Application will elso be mada for these shares to be listed on the London Stock Exchange.

11th June, 1984



Basthank (Oversess) Ltd. Basteriald House, Guard Cayman Luphary Sarr SFE (L)77 1,175 |

Langer Stands informationals, Surprises of the Control of the Cont

FOR QUALITY DEVELOPMENTS IN THE SOUTH AND MIDLANDS

FT LONDON SHARE INFORMATION SERVICE

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195 19Mar[freas. 11 ¹ / ₂ pc 2001-04.]	CANADIANS Feb. Oct. Procests Timber — 182 1911 21.5 — 2.1 — Dec. Procests Timber — 190 14.5 11.88 2.0 8.4 4.1 Dec. Procests — 190 14.5 11.88 2.0 Bec. Procests — 190 14.5 11.88 2.0 Bec	Lan Octileted correct 10p 302 b413 13:0 3.6 1.426.1 Nov. Mayflatchtfs 16:83 95 12.1 1.79 0.3 2.6	Agrid — Combased Yesh 109, 25 —
10Mar 10Strean, 5-5rc 2008-1211	May Nov Wilson Valley 135 512 154 0.5 0.5 1.6 0.7 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.2 1.4 1.7 1.4 1.7 1.2 1.4 1.7 1.3 1.7 1.3 1.7 1.3	May Nov. Emiss Lighting 265 30.4 98.33 23 4.511.0 Jan July Riching West Sdp 27 213 2.0 0.1 0.6 Jun	March HCornes 5p 219 - - -
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(2)5% (b) Figures in purenthries show 8PI base month for violesing, m 8 months prior to base. RPI for Sept., 1981: 339.5 and for April, 1984: 349.7. INT. BANK AND O'SEAS	BANKS, HP & LEASING Shridanda	June Oct Cer Retry	Jon July E15 - 156 14-5 5-5 2.4 5.011.7 Joy Dec Eastern Prod. 500 - 20 30.4 6-5 5.6 4.6 4.1 Dec June F5 cobric Hidgs E1 53 70.6 92 45 6-6 - 6 Apr. Oct Ether 100 - 20 27-2 171.39 0.9 8.271.11 May Jane Ice of 100 - 20 73 26.3 13.18 22 6.3 & 6.4 May Jane Ice of 100 - 20 73 26.3 13.18 22 6.3 & 6.4 The product of the first of the fir
24 — 11.90 12.04 28 Jan 28 JlyjAustralia 13 Jpc 2010 . 115 Jp. 12.20 12.15 26 Apr 26 Oct 0 . 11 Jp. 1.02015 96 Just 26.4 11.99 12.00 21 May 27 See June 18 11 June 19 12.00	April Octables anders 0, 61 550 27.2 10.0 5.7	September Pelestry Looper No. 12 130.05 17 1.971.9 Nov. April 1995 Nov. 12 13.10 1.16 3.0 -	Aure Electrolus 8 K-So. 222 (2-5)k0227% \$\display 1.3 (4.3) \display \text{3.3} \display \text{4.3} \display \text{4.3} \display \text{4.3} \display \text{4.3} \display
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COMMONWEALTH AND AFRICAN LOANS	August Mercury Secs		Mar. Nov. Grampian Hidgs. 70 9/4 4.5 1.2 9.2/12/24 Apr. Oct. Gramada /A 157 13.2 F.6.3 22 5.4/12/4 April Oct. Gripperrods 10p. 188 27.2 14.65 5.0 3.5 7.9 Oct. June Grovebeti Gp. 5p 153-2/14.5 0.25 6.0 2.3 8.5 Feb. App. Halma 10p 259 279 131.3 11.3 11.3 11.3 12.5 Feb. Oct. Hamoer in Hidgs 10s. 143 2811 2.0 6 2.0 6
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FOREIGN BONDS & RAILS	June Dec. Do. 49x (or 94-01, £186 14.5 04/54, 54.2 5117 1 1.8 4.7 11.8 4.7 11.8 4.7 11.8 4.7 11.8 4.7 11.8 4.7 11.8 4.7 11.8 4.7 11.8 4.7 11.8 4.7 11.8 4.7 11.8 4.7 11.8 4.7 11.8 4.7 4.7 4.7 11.8 4.7	Apr Oct Al late Procs. 29 11.4 B	Feb. July Ketsey Inds. 394304 0.38 \$ 12.9 6.00 1.2 7.6 15.2 Any MovKenoedy Smale 125 12.1 \$ 1.0 1.2 7.6 15.2 Nov. April Ketshare (A.) 50 228 27.2 15.0 8.6 9 7 108.0 July 13.0 Aug Klesne, F. & Nov. 15.0 1.2 15.0 8.6 9 7 108.0
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COIL Financial Times Monday June 11 1984 27 INDUSTRIALS—Continued LEISURE----Continued PROPERTY—Continued INVESTMENT TRUSTS-Cont. | OIL AND GAS—Continued Poid Stock Price at Net Cw Ge's Pric Price all Ret Corlers P.E. attended entent of discretable & I. V. velos are based on middle prices, adjusted to ACI to 400 per cent and allow for visite of declared discretized and rights.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Lack of an alternative

BY COLIN MILLHAM

Interest rates were the major factor influencing the foreign safe haven, but the main factor supporting the U.S. currency as about third world debt teeded to sinde into the background after dominating sentiment on Monday, when the exposure of U.S. banks to the threat of default brought interest rates and the dollar down.

The deht problem was replaced by further thoughts on the subject of fast U.S. economic growth and the possibility of inflationary pressure in future mooths soless the Federal Reserve moves in prevent overheating through tighter monetary policy.

Growing tension in the Gulf following the involvement of Saudi Arabia in the condict beliveen Iran and Iraq encour
THE POLIND SPOT AND FORWARD

aged buying of the dollar as a tended to limit any strong demand for the dollar, and DM 2.70 seemed to be a psychological barrier to its progress on Friday.

Labour disputes continued to overhang two major European although this was at least partly the result of technical pressures brought about by make-up day for the banks, the rate remained to the banks, the rate remained to the threat of inflationary pressure in future mooths soless the Federal Reserve moves to prevent overheating through the result of technical pressures to the banks, the rate remained to the banks the position by the result of technical pressures.

The deht problem was replaced by further thoughts on the subject of fast U.S. economic growth

THE POUND SPOT AND FORWARD

June 8	Day's	Cloge	Dns month	% p.s.	Three months	% p.s.
 u.s	1.3910-1.3975	1,3945-1,3955	0.22-0.25c die		0.79-0.93dls	-2.3
Canoda	1.8080-1.8160	1 6120-1 8130	0.30-0 40c dis		1.12-1.25dis	-2.6
Nethind.	4.23-4.25	4.234-4.244	1'1c om	3.60	314-3 cm	2.95
Bolgium	76.55-76.90	76 70-76.80	11-18c dis	-2. Z 7	42-50 dls	-24
Den mark		12.80:-13 611:	1's-2'soro dis	-1.95	31-41-dio	-1.2
Ireland	1.2275-1.2330	1.2300-1.2310	0 25-0.33g dia	-2.83	0.86-1.01dis	-3.0
W. Ger.	3.75-3.773	2.754-3.764	14-10f om	3.59	31-31 pm	3.4
Portugal	193,65-19+.80	193 65-134.15	70-175c dis	-7.58	250-675dig	-8.54
2091U	212.50-213.35	212.85-213.05	100-130c dis	-6.48	150-390dis	-5.07
italy	2328-2340	2332-2334	9-12lire de	-5.00	32-35 dig	-5.74
	10.74-10.784	10 75-10.76	3-4oro die	-3.90	9-10 dis	-3.53
Norway	11.534-11.59		3-21-c drs		125-135dls	-4.5
France	11.18-11.27	11.18'11.19'-	1.90-2.85ore dis		5.80-6.85die	-2.2
Swedon	3224-3234	3221,-3231,	0.81-0.74y pm		2.44-2.33 pm	
Japan	26.35-26.47	25.41-26.46	0-41-pro om		17-131, Om	2.31
Ausino		3.134-3.144	13-13-c om		41-4 gm	5.34
Switz,	3,121-3.141	for spenostible	Irancs, Financial			0.0
	Deigian rato is	and dollar 1 74	1.79c dis. 12-mo	ath 3 76	La RRc dis	

OTHER CURRENCIES

					Calleda	1.2350-1.3020	1.00.10	0.010.000		V.00-U. I I III
	1			3	Nathlad,	3.0380-3.0456	2.0405-3.0425	1.32-1.22c pm		4.15-4.00 po
June 9	i	_	1	-	Belgium	54.95-55.15	55.07-55 09	12-25c dis		1-4 dio
auris o	j Æ	*)	Note Rates	Denmerk		9.92-9.921,	.30ors pm20 di		3.10-2.60 on
	<u> </u>		<u>'</u>		W. Gcr.	2.6875-2.7015	2.6975-2.0985	1.26-1.21p? pm	6.49	3.86-3.81 pm
Argentina Peso.	€3,47.03.50	45.53-45.50	Austria	28.30-90.60	Portugal	138.80-139.50	139.90-139.40	par-100c dis	-4.31	150-450dis
Augentine Police	1 1 5540-1 5560	1.1140-1.1145	8alglum	77.60.78.40	Spain	152.35-152.80	152.60-152.70	55-75c die	-5.11	160-200dis
Grand Coursing	8 224 8.2 237 6	1.596-1.004	Denmark	13.70-13,89	Italy	1011-1677	16751-16761	45-Sire die	-3,40	131-14% dio
Figland Marka	H 0095-8 0380	5.7550-5.7600	France	11.51-11.62	Norway	7.7100-7.7325	7.7125-7.7175	0.95-1.45ore dis	-1.86	2.00-2.50dia
Crook Beachmo	149 50.150.30	107.30-107.60	'Oormany	3.74 3.77	Frence	8,2750-8,3060	9.2975-8.3025	0.80-1.10c dis	-1.37	3.75-4.25dis
Hoon Kene Boller	10 869 10 8755	7.8025-7.8045	Italy	2320-2360	Sweden	8.0200-8.0400	a.0300-8.0350	0.10-0.60ors dis		0.50 pm-par
tran Rial	J 129.70'	87.75*	Japan	341-320	Japan	231.10-231.80	231.60-231.70	0.95-0.93y pm		3.08-3.04 pm
Kuwal! Dinar/KO	0.41235-0.41790	0,29605-0,29620	Natherlands	4.8112.4.9615	Austria	18.90-18.98	18 95-18.97	7.20-4.70 ora om		23-21 pm
Luxembourg Fr.	. 76.70.76.80	05.07 55.09	Nerway	10.73.10.64	Swits.	2.2380-2.2530		1.44-1.34c pm		4.35-4.25 pn
Malaysia Bellat	. 5.2100-3.2170	2.3045-2.3060	Portugal	16812.199						
New Ze aland file	2.1500.2.1555	1.5415-1.5430	Soain	205.21412				I.S. currency. Fo		
Saudi Arab, Riya	4.8880-4.8930	3,5090 3,5100	8woden	11.15-11.20				er and not to the		
Oingapore Dollai	r 2.9500-2.9376	2,1035.3,1050	Owntzerland	3.12.3.10		Helgian rate (s	tor convertible	france, Financial	franc	55.85-55.90,
6th Airican Rand	(1.7920-1,7955	1,2945.1,2870	United States.,	1,5012-1,4013						
U.A.E. Bitham	, 5, 1 1 50 5, 1 205	3,6720-3,6750	.Yugoslavia	178.909	CHER	ENCYMO	VERSENIT	CURREN	ICV '	DATEC
					CUNN	EIAC I MO	A SIAISIA 15	CONREI	CI	MAILS
		Selling jates.			. —			3	BANK C	Special TE

EMS EUROPEAN CURRENCY UNIT RATES

	ECU sentral rates	Currency amounts sozinst ECU June 8	% change from central rate	% change adjusted for dwargence	Divergence limit %
Galgian Franc	44.9008	45.5496	+1.44	+1,40	±1.5447
Qualish Krone	8.14104	8.20290	+0.76	+0,72	+1.6425
German O-Mark	2.34184	2.23173	-0.45	-0.49	±1.0642
French Franc	6.87456	6.86618	-0.12	-0.16	-1.4062
Duich Cuildot	2.52595	2.51696	-0.34	-0.00	±1,4964
Irish Punt	0.72569	0.729470	+0.52	+0.48	±1.6699
Italian Lim	1403.49	1385,78	-1.28	-1.26	4,1605
Change	es are for E	CU, therefore	positive ch	ange denotas	a

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EXCHANGE C		1 calculated	change denote by Financial Ti	55 à M45.	1980-1982 =	Gustenty cho 100, Bank of 186 1975 = 100	England Inde		4 8,34	950 1,85074 444 88,8886
Juno 9	Pound Strling;	U.S. Dollar	Coutecho m'i	d'panose You	FronchFrano	Swiss Franc	Dutch Gulld	Italian Lira	Canada Dolla	Belgian Fran
Pound Storling U.S. Dollar	0.717	1,395 1,	3,763 8.698	883.0 831.7	11,50 9,300	3,138 9,249	4,243 3,042	2328. 1676,	1.813 1.501	76.75 05.08
Deutschemark Japanese Yen 1,000	0.266 6,090	0.37t 4.619	11.6S	85,85 1000,	6,079 35,85	0,834 9,714	1,128	080,1 7223.	0.482 8.011	20,40 987,6
Fronch Franc 10 Swiss Franc	0,964 0,818	1,905 0,445	3,249 1,199	279,9 102.9	10. 6,691	2.709	3,064 1,35%	90to. 743.6	1.585 0,078	66,28 24,46
Dutch Cuilder Italian Lita 1,000	0,238 0,429	0,329 0,598	0,897 1,013	78.t3 138.4	2,730 4,964	0.740 1,345	1.818	048,9 1000	0,427 0,777	19,09 32,90
Canadian Dollar Belgian Franc 100	0,558	0.770 1.919	9.076 4.902	178.2 490.8	6,388 10,08	1,731 4,069	2,341 0,529	1287. 3040,	8,362	42,34 100,

EURO-CURRENCY INTEREST RATES (Market closing rates)

Control of the state of the state of												
June 8	Oterling	U.S. Dollar	Canadian . Dollar	Du loh Gullder	:	Owiss Franc	D-mark	Franc	italian Lira	Belgian Franc Conv. Fin.	Yen	Danish Kioner
Short term	9.914 9.914 9.7:973 914-915 917:871 1034-1045	10% 10% 10% 10% 11:11% 11:11% 11:4:12% 12:4:12%	11 /2 1156 · 11 /2 1178 · 12 /2 1242 ·	534-5:5 515-0 613-614 039-615 078-7	:	214-234 218-234 354-354 314-355 463-465	514-036 514-036 034-035 034-514 034-544 033-644	12-1214 18-1214 1214-1214 1614-1318 1414-1412 1513-1538	14-15 14-15 14-15 14-14-15 14-1-15 10-10-17-10	11-1115; 11-1112 11-1119; 11-1-114; 1114-1134; 11-5-1179; 1115-12; 11-5-1219; 1214-1234; 11-5-1219; 13-131; 12-1211;	Sty 55g Oly 67g 613-613 Oly 636 Oly 646 Oly 65g	1154-1914 1154-1814 1013-71 1054-1114 1070-1134 1114-1134

Asian 5 (closing rates in Singapois): Short-torm 10½-10½ ger cent; soven days 10½-10½ per cent; ene month 10½-11½ per cent; three months 11½-11½ per cent; six months 12½-12½ ger cent; one year 13½-13½ per cent. Long-term Eurodellors; two years 13½-14 ger cent; three years 14½-14½ ger cent; four years 14½-14½ per cent; five years 14½-14½, ger cent nominal closing rates. Short-term rates are call for U.S. bonks and Jaganese year; twe days' notice.

MONEY MARKETS

Doubts about future trends

Predicting future trends in interest rates and possible impact on the U.S. bank interest rates and possible impact on the U.S. bank interest rates and possible impact on the U.S. bank interest rates and possible impact on the U.S. bank in depth and liquidity surface.

Prior to the worries about tightening came back to the third world debt and liquidity surface.

In the last week sterling interexpected that fast U.S. economic growth would lead to bigher interest rates and a tightening of point, but EurodoEar rates and figures that fast U.S. economic growth would lead to bigher interest rates and a tightening of point, but EurodoEar rates and figures that their words become an an upward path for most of point points. factors in moving the financial

The importance of at least not getting the trends completely wrong can hardly be exaggerated, and at the moment the markets are in 9 very pervous state, wondering which of several major factors will ultimately carry the most weight.

carry the most weight.

Until Friday June 1 it was widely assumed UK clearing bank hase rates would rise to at least 10 per cent in the next few days, but at that point sentiment changed significantly.

It was first noticeable in the rates on cligible bills, and on Monday intercank rates also fell. It was said bad money supply figures were about to produce higher rates, but by the beginning of last week the market had apparently discounsed bad

apparcotly discounted bad figures, and was more interested in events in the U.S. In fact the rise in sterling M3 was much less than expected, while it was also assumed that concern about third world debt default and the

FT LONDON INTERBANK FIXING

LONGON INTERBA It1.00 a.m. Jun 3 months	
bid 1112	offer 115-8

mann, rounded to the nearest one streament, rounded to the nearest one streenth, of the bid and offered rates for \$10m quoted by the market to five telerance banks at \$1 o.m. each working day. The bonks are National Westminster Bank. Bank of Tokyo, Deutsche Bank. Banque Nationale de Faris and Murgan Gualanty Trust.

Unfortunately this does not seem to be the end of the story and on one can afford to sit back

As the Federa) funds overnight rate hovered around 11 strike sti
per cent in New York last week. U.S. rate
without any determined effort by
the Federal Reserve to bring it
down, thoughts about Fed market. and relax, for just as London rates were declining U.S. rates began to firm again.

Juno 9	Frankfurt Paris	Zurich	Amol'dam	Tokyo	Milan	Brustols	Dublin
Overnight	5,65 5,75 121, 121, 121, 121, 121, 121, 121, 12	334-878	075-0 579-0 6-16-074 04-054	0.84375 0.15625 6,28125	104-1653 104-1658 1072-1078	9.50 11%-1176 11%-19 11%-19%	124-125 124-125

LONDON	MONEY	RATES	Discount	Houses	Deposit	and	Bill
June 8	Slorling Cortificate I	nterbank; Auth	cal . crity : Company . Markol	· Treasury !	Treasury	ligible :	Eligib

LONDON	MONE	RATE	S	DI	scount	Houses	Deposi	t and	Bill	Rates
June 8 1964	Slorling Cortificato of daposit	Interbank	Local Authority deposits	Company Ils posits	Markol Deposits	: Treasury (Suy)	Treasury i	Eligible Bank (Buy)	Eligibie Bank Bank	
Overnight 2 days notice 7 days notice Dns month Two months Two months Nine months Nine months One year	94-94- 95-95- 95-95- 95-95- 95-95- 95-95-	09 to 9.9 to 9.3 to 9.3 9.3 9.3 9.3 9.3 10 10.0 10.0 10.4 10.0 10.4 10.0	814.9 879-9 916 914 914 978 10 1036	7.93g 91,936 9 934 1 914 1 959	71g.913 		813	2 % - 9 % -	80. 80. 81. 91. 91.	
	Local Auth.	Local :	Financo		SDR	ECU	MONEY	RATE	S	

	Local Auth negetiable bonds	Auth	cal erity osila		loposits,	S Cert al Deposits	SDR Unkod Deposits	ECU Unked
One month Two months Throe months The months The year Three year Three year Three year Three year Three year	91, 91, 1012 1014 1012 1014	11 11		:	916 914 936 914 1014 1015	10.65-10.95 11.7-11.2 11.3-11.4 12.15-12.25 12.45-12.85 13,0-16.2	914-915 918-934 936-950 1014-1018 ———————————————————————————————————	9/4 9/4 9/4 9/4 9/4 10/6 10/4-10/6

Janes Period Per	on May 2 to sun Basa Rat a Jama 1 198- London D sury Bills: A Oeposit 196: or cont; one- tha 104 oer i 1 Jane 7. Oe	s Juno 3 (36) 505 Savon da 6 Loublishod L London and 10 London And 10 London And 10 London 10 Lo	inclusive; iys' notice, iys' notice, iys' notice, iys' notice, Scotth Cloa or sums at relo of disc sit of £160,0 24 per cent; imporths 10%; inder Sories	noma IV: Ave: 9.516 oct college soven college soven tays' oun 88013 p. 00 and over I hree-six ment 4-5 104 per	ent. Local dayo' lived tociation]. 3 tes lo londin notice 54-5 er cont. Cen hold under t tes 10 per cen ler £100.000	authoritios Financo Garcant g 9-94, por por cont. thicales of one month ht: six-nine 9 per cent
Irom	June 7. 0:	oosits held to no lor oach ?	inder Sories	or cont. Und 4-5 104 per	er £100,000 cont. The n	9 per cent ate lor all

NEW YORK (4 pm)

giving some support to the pound, but with the miner's strike still causing worry, firmer U.S. rates, and the prospect of further large money supply growth, it remains a nervous

Prime rate	123
Breket foan rate	115-11
Fed lunds	101.
Fod lundo at intervention	10%
Treasury Bills	
One month	
Two month	9.75
Three month	9.86
Six month	10.58
One year	10.36
T	

Treasury Bonds on year

FINANCIAL FUTURES

7.0	threats to oil supplies from the	LONDON	FT-SE 100 INDEX E25 per full index point
7 e	Miners leaders and the	THREE-MONTH EURODOLLAR	Close High Low Pres
•	National Coal Board will also	Sim oints of 100%	June 106.00 106.05 104.95 106.10 Sept 105.25 106.25 104.20 105.35
	hold further talks this week, but	June 88.63 86.63 86.56 88.55	Dec 105.75 106.30
and the second s	overall the pound tended to	Sept 87.20 87.31 87.23 87.21	Volumo 61B (943)
tended to limit any strong		Dec 85.63 88.65 86.60 88.55 March 88.22 86.22 \$6.18 88.13	Previous day's open Int. 965 (1,122)
demand for the dollar, and	invalue ather unions and fuers	Marsh 85.22 85.22 85.18 86.13 June 85.93 — — 85,84	
DM 2.70 seemed to be a psycho-	ale laste of one mice in book	Volume 3.239 (7,010)	CHICAGO
logical barrier to its progress of Friday.	hose rates.	Previous day's open int. 15,278 (15,140)	U.S. TREASURY BONDS (C8)
Labour disputes continued to		THREE-MONTH STERLING DEPOSIT	8% \$100,000 32nds of 100%
overhang two major European		£250,000 points of 100%	Close High Low Prev
currencies, the D-mark and		June 60.77 90.77 90.73 90.65	June 61-29 62-02 81-16 61-22
eterling.		Sapt 89.87 89.88 89.79 89.75	Sept 61-04 61-08 60-20 60-28 Dec 60-19 60-24 60-02 60-11
The metalworkers strike in		Dec 89.33 88.34 89.32 89.24	Merch 60-05 60-08 59-22 56-29
Germany was no nearer 2 solu-		Merch* 28.96 28.59 38.92 88.87 June* 88.78 — 88.69	June 59-26 59-27 58-18 59-18
tion, with talks between em- nlovers and union offic)als	1 month 0.28-0.84 die 0.22-0.24 die	Volume 938 (1.897)	Sept 59-17 59-18 59-06 69-09 Dec 59-09 59-10 58-30 59-01
ployers and union officials adjourned until Wednesday after			Merch 58-02 59-02 58-27 56-25
making no progress.	£ forward rates are quoted in U.S.	• £500,000 points of 100%	U.S. TREASURY BILLS (IMM)
Sterling was underpinned by	sents discount	20-YEAR 12% NOTIONAL GILT ESO.000 32nds of 100%	\$1m points of 100%
_		Close High Law Prev	Close High Low Prev
		June 104-03 104-03 103-20 103-17	9ept 85.86 88.90 88.83 88.88 Dec 85.18 88.20 88.16 88.17
FORWARD RATES	AGAINST STERLING	Sopt 102-29 102-29 102-10 102-10	Merch 87.76 87.79 87.75 87.75
Spot 1	1 month 3 month 6 month 12 month	Des 102-14 102-14 102-06 101-26 March 102-05 102-05 101-30 101-17	Juns 87.50 87.53 87.49 87.49
	1.3974 1.4031 1.4127 1.4333	June 101-29 - 101-10	Sept 87.32 87.36 87.29 87.31 Dec 87.16 87.22 87.16 6/.17
	8.7515 2.7303 2.6965 3.6387 11.6128 11.7019 11.8359 12.1128	Volume 2,900 (4,364)	March 87.05 87.09 87.02 87.03
Swise Franc 3.1375	3.1234 3.0954 3.0547 2.9766	Previous day's apen int. 9,581 (9,383) Basis quote (clean cash grice of 123.7	CERT. DEPOSIT (1MM)
Japonese Yan 323.0	322.24 320.59 317.85 311.71	Tressury 2003 less squivalent price of	\$1m points of 100%
		near lutures contract) per to 10 (32nds)	June 88.72 88.73 88.65 88.70
BANK OF ENGLAND T	REASURY BILL TENDER	STERLING E25,000 S per E	Sept 27.43 27.47 27.37 27.43
		June 1.3940 1.3960 1.3920 1.3950	Dec 86.76 86.81 85.72 86.76
Juno 9 Juna 1	: June 9 Juna 1	Sept 1.4020 1.4048 1.4003, 1.4080	March 86.36 86.40 86.30 86.34
Bills on offer £100m · £100m	Top Accepted	Dec 1.4110 — — 1.4165 Volumo 327 (2.705)	THREE-MONTH DOLLAR (IMM)
Tetal of applications £065,03 m £410,48m	rate of discount. 8.96434 8.93454	Previous day's open Int. 2,514 (3,501)	\$1m points of 100%
Total allocated £100m . £100m	. rate of discount: 8,8613%; 8,9240%	DEUTSCHE MARKS	June 88.34 88.35 86.29 88.34
Minimum	Amount on offer	DM 125.000 S per DM	Sept 86.96 86.99 88.90 86.96
Altotment at	at next tendor £100m ; £100m	June 0.3706 0.3716 0.3710 0.3719	Dec — 86.33 88.25 86.28 March 85.87 65.91 85.84 85.85
minimum level! 67g . 100	1	June 0.3706 0.3716 0.3700 0.3713 Sept 0.3750 0.3770 0.3756 0.3766	June — 85.60 86.55 85.56
		Dec 0.3810 - 0.3822	STERLING (IMM) Se per E
THE DOLLAR SPOT AN	D FORWARD	Volume 164 (394) Previous day's open Int. 421 (406)	Closs High Low Prev
INE DULLAR SPOT AN	D FURWARD	6WISS FRANCS	June 1,3970 1,3986 1,3925 1,3950 Sept 1,4060 1,4065 1,4005 1,4040
		Out 125 000 0 C	Jahr 1.4000 1.4000 1.4000

WEEKLY CHANGE IN WORLD INTEREST RATES

GNMA (CBT) 8% \$100,000

	LONDON	Juna E	change		June 8	jehange
15 CY 136	Base rates 7 day Interbank 3 mth interbank Trassury Sill Tender Sand 1 Bills Band 2 Sills Band 5 Shile 3 Mth. Trassury Sills 1 Mth. Bank Sills 5 Mth. Bank Sills	8.84 912 8.8613 813 914 814 914 914	Unshid Unshid Unshid	Fadoral lunds 5 Mth, Treasury Sills 10 Mth, Treasury Sills 3 Mth, C II	12ts 10;t 9.84 10.02 11.80 .0.70 6.50 .0.70	Unch d 1+15 + 0.04 + 0.09 - 0.20 Unch d - 0.026 0.075
36 48 8 8	TOKYD One month Bills Three month Sills SRUSSELS	6.16080 6.28125	1-0.125	PARIS Intervention Rate One With, Interbank Three month	115 1919 1919	unsh' d unch' d unch' d
8	One month Three month AMSTERDAM	111%	-16	Do month Three month DUBLIN	164	uneh c
	Three month	013	- th	Three month	1215	Uneh' d



'Today's Rates 10½%-11¼%

will help soldiers, ex-soldiers and their families in distress

DEPT. FT. 41 QUEEN'S GATE, LONDON SW7 SHR

3i Term Deposits

of term Deposits
Deposits of £1,000-£50,000 accepted for lixed terms of 3-10 years. Interest phalf-years. Rates for deposits received not later than £5.6.84 are fixed for the
half yearly. Rates for deposits received not later than 15.6.84 are fixed for the
terms shown:

			V.	11125 2	430W11:				
Terms (years)	3	4	5	6	7	8	9	to	
Interest %	Ю12	20%	10%	11	114	11%	1114	1114	15
Seposies to and fur Group pic, 91 W.	ther infe	Road 1	on from	the To	P (A).9	hrveste 28 7 8	es in le	dustry	INVES

perable to Bank of England, a/c Investors in Industry Group pic. IN INDUSTRY

Granville & Co. Limited

27/28 Lovat Lane London EC3R SEB Over-the-Counter Market

						P/1	E
Capitelleatn.			Chenge	Gross	Yleid		Full
50000.2	Company	Price	on week	dly.(p	/	Actual	
5,837	Ass. 8nt. Ind. Ord	131	_	8.4	4.9	7.7	10.
	Acs. Bilt. Ind. CULS	143	_	10.0	7.0	_	-
3,475	Airsprung Group	59	- 1	6.1	10.3	16.9	16.
875	Armitage & Rhodos	35	+ 1	1.4	4.0		
39,646	Sardon Hill	318	- 2	7.2	2.3	12.9	26.
2,800	Bray Technologies	52	-	3.8	6.9	6.0	8.
2,512	CCL Ordinary	193	_	12.0	6.2	_	
_	CCL 11pc Cons Prel	147	_	15.7	10.6	_	_
3.144	Carborundum Abrosives	625	_	6.7	1,1	_	=
1,628	Cindico Group	103	_	_	_	_	_
6, 159	Ooborah Services	66	_	8.0	9.1	35.3	57.
14,499	Frank Horsell	224	+ 2	_	_	9.4	15.
_	Frank Horsell Pr Old 87	203	+ 1	B.7	4.3	8.5	14
3,611	Frederick Perker	75	– 3	4.3	17.2		
646	George Blair	35	_	_	_	_	_
1.990	Ind. Precision Costings	49	_	7.3	14.9	13.8	16.
17,410	lois Ord	2180		150 0	6.9	13.0	-0.
_	Isls Cons Pref	360	- 2	17.1	4.8	Ξ	
5,784	Jackson Group	114	3	4.9	4.3	5.3	10
	James Burtough	255	+ 7	11.4	4.5	14.0	14.
	Minihouse Holding NV	425	÷ί	3.8	0.9	30.8	33.
929	Robert Jonkins	91	- a	20.0	22.0	10.6	33. 7.
2,640	Scruttons "A"	54		5.7	10.5	9.0	8.
	Torday & Corlisio	74	_	<u></u>		B.0	16.
	Trevian Holdings	431	– 2	_	_	B.8	8
	Unitack Holdings	18	~	1.0	5.6	11.8	17.
	Waiter Alexander	85	-1	8.8	B.0	7.5	9.
5.704	W. S. Yestee	244		17.1	7.0	3.5	11

Financial Times Monday June 11 1984



The Bank of Tokyo, Ltd.

2/F, FAR EAST FINANCE CENTRE, 16 HARCOURT ROAD, Hong Kong

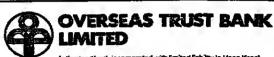
NEGOTIABLE FLOATING RATE UNITED STATES DOLLAR CERTIFICATES OF DEPOSIT SERIES 104 DUE JUNE 10, 1985.

As agent bank for these Certificates of Deposit Morgan Guaranty Trust Company of New York hereby certifies to the holders that the rate of interest payable no the certificates for the interest period beginning June 11, 1984 and ending December 10, 1984 is Twelve ½ Percent 1121/20) per annum.

Agen1 Bank:

Morgan Guaranty Trust Company

Hong Kong



US\$40,000,000

Floating Rate Bearer Notes 1990 Holders of Floating Rate Notes of the above issue are hereby notified that for the next interest period from June 12, 1984 to December 12, 1984 the following information is relevant:

1. Applicable

payment date:

12%% per annum Interest payable on pext interest US \$641.77 per US \$10,000.00 nominal or US\$16,044.27

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With regional and communal problems growing India is approaching its next general election in some turmoil. However, the economy and industry, both of which are being opened up to achieve early self-reliance, are now expanding

By John Elllott South Asia Correspondent

1.179

INDIA - as the troubles in Punjab graphically demonstrate measure is in the midst of a series of months, communal and religious conflicts. The Government's split and authority has been tested not despite t just by Sikh militants in the it is different confliction. Golden temple in Amritsar but earlier this year by riots in Assam and by Hindu-Muslim Assam and by Hindu-Muslim disturbances, most recently in

To the outsider this appearance of constant and worsening turnoil might seem to be putting at risk the political authority of the Government itself and to be undermining its overall stability.

Yet, it is not really quite like that. Most of India is not touched directly by the troubles. Economic development is going ahead with record domestic oil production and grain harvests. And the first signs have just appeared of a second good monsoon in two consecutive years, offering the prospect of a further boost to

Industrial growth has also ast started picking up, just started picking up, although in areas like the Punjab persistent unrest does have an effect on industrial ex-

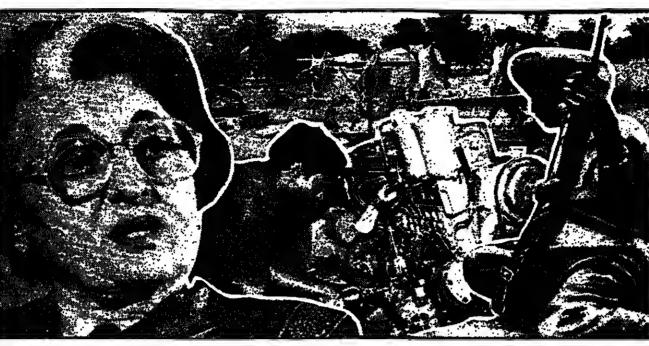
Nor is the authority of the central Government being challenged, even though Mrs Indira Gandhi, the Prime Minister, is facing the toughest crisis of her present term of office with the Punjab. The army take-over was an extreme measure she resisted for

The opposition parties are split and fragmented, too, and, despite the communal tensions, it is difficult to imagine Mrs Gandhi being swept from power, barring unforseen crises, when she holds the elec-tions due by next January.

There is also no significant movement to overthrow the constitution or to break the country up, although Mrs Gandhi is facing demands from the Sikhs and other groups which reflect a growing trend towards regionalism and in favour of more authority being devolved to the country's 22 states.

developments is a vast nation of 700m people, covering over 3m sq km with six main religious and vast disparities of regional economic development, as well as extremes of personal wealth and poverty.

Most of the tensions tend to be localised, though there are continuing deep-seated themes such as clashes between members of the majority Hindu religion and the Muslims,



IN THIS SURVEY

General trends; profiles of the parties;

The background; the seventh five-year

General trends; foreign investment; aluminium motor industry; electronics; non-residents Indians investing in the homeland Pages 6 and 7

ENERGY

position seems strong enough, the worry is that troubles will increase as India's patchy economic development increases the gaps between the rich and poor and between those with permanent jobs and homes and those without any such prospects for a generation or two. Then "Our society's vulnerability tion of poor poor and increases distinguished public servants and about the riots in Bombay Riots and the surrounding state of large numb maharashira. "We have excitately only the proposition of the propositi

Oil; gas; coal; electricity; nuclear power; who's who in the major sectors; alterna-tive sources Pages 8 and 9 biggest of the minority religions,
Yet, while even against the terrorism take over, as has background of the present gradually happened in the turmoil, the Government's Punjab "Our society's vulnerability demonstrated by such signs

AGRICULTURE AND

The green revolution; tea; jute; develop-ment policies Pages 10 and 11

TOURISM Struggle to make most of potential

VILLAGES

Editorial production: Mike Smith.
Design: Dane Wilson, Photographs;
Len Burt,

and foreign relions are the Government's dominant consideration, the progress economy is also crucial. country develops rapidly but her father, Jawaharlal Nehru, leaves so many people poor and such poverty."

In India there is a long tradipast formight this year's mon-soon has started to hreak on time in the south, a good religious tensions so that extremists do not gain political use sophisticated communica-tion methods with 700m people, Riots and mob violence and a large number of sudden deaths years of independence. or other power. Between them, Mrs Gandhi and her father have ruled India for almost all its 37

Government claims are also a common part of south
Asian life.

Mrs Gandhi's supporters can
point to the failure of the
extreme right-wing anti-Muslim

Pakistan and India have been holding talks on normalising tourism and trade, and on some form of no-war or friendship pact. But the presence of both countries traces on either sides.

countries troops on either side of the border leads to regular rows. It also enables Mrs Gandhi to win personal political

support at home by warning of the need for unity in the face of external forces—or the "foreign hidden hand" as it is often called.

ethnic problems and huilding a fence on the border with Bangla-

desh to keep refugees out of the troubled state of Assam.

Shiva Sena Party, which played very low base. It says the 1983-1984 economy growth figure was a part in the recent Bombay riots, to gain real political power during dts 20 years 7 to 8 per cent and that indus-try, after an unexpectedly long power during its 20 years existence as vindication of this time lag, hegan to expand faster a couple of months ago, Yet the approach has falled

The Government is meanwhile the Government is meanwante cootinuing to open up the economy for foreign technology, equity finance, banking facilities, and for imports needed to more seriously maybe than ever before in the Punjah where sikh agitation has built up into the past two years' terrorism and confrootstion with the Army culminating in last week's storming of the Golden Temple in Amritsar.

There are also wider considerations. The proximity of out of the liberalisation reforms the Punjab to Paking with the past three or four years. There are also wider considerations. The proximity of some of the impetus has gone out of the liberalisation reforms the Punjab to Pakistan, with which India has a precarious and fractious relationship, makes the Sikh troubles more significant.

Corruption remains wide-spread through seemingly almost all walks of Indian life and according to some politi-cians it is more accepted at all levels of government than ever before. But Mr Rajiv Gandhi, son and potential heir to the Prime Musiter, is believed to want to spearhead a clampdown after the next election.

At present, the benefits that corruption bestow are widely hlamed in India for slowing down the liheralisations of Pakistan, in fact, plays a central role in India's overall down the liberalisations of down the liberalisations of industrial and other policies foreign policy which continues to favour the USSR and to show distrust towards the U.S. In South Asia as a whole, Mrs Gandhi has increasingly tried to make India's presence felt, intervening in Sri Lanka's internal ethnic problems and building a that this day we come to not the control of the liberalisations of down the liberalisat

Gazette two years before India's Independence published the following prayer: "O Lord grant that this day we come to no decisions, neither run into any kind of responsibility, but that roubled state of Assam. all our doings may be so Yet, while internal tronbles ordered as to establish new and quite unwarranted Government departments, for ever and ever, Amen."

economy is also crucial.

At home the economy has picked up following a good monsoon last summer and in the the next administration, in addition to finding longer-term solutions to the communal tensions, will he to accelerate the economic and other reforms started hy Mrs Gandhi in the past few years, Then the prayer will seem less apt and India will economic growth for the five-year plan 1980-85 will at least meet the target average of 5.2 per cent a year, albeit from a started by Mrs Gandhi in the past few years. Then the prayer will seem less apt and India will receive more international credit for what it is achieving.

tion of political agitation by opposition groups which cannot

are also a common part of south

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LLAH'D IN SUCH LUXURY.

On present form the Prime Minister looks certain to win the forthcoming election but she faces growing political pressures on regional issues

No challenger yet to Mrs Gandhi

Politics

India's coming general election by the first week of next January and, by all evidence so far, she should find it very difficult to lose power. The opposition is bopelessly split and fragmented and there is no alternative national leader. She will also be able to count on some support from one or two friendly parties to bolster her new parliamentary position.

Despite considerable criticism about her styla of antocratic centralised government, and the growing communal and regional tensions in states such as the Punjab, no significant

as the Punjab, no significant challenge is yet amerging.
Her Congress (I) (I stands for Indira) political party is the only cohereot national party in the country. Together with its predecessor, the Congress Party, it has ruled India for 32 years of the country's 36 years of independence. It is being reformed and re-

built by her son, Rajiv, whom she is grooming as her potential successor. His political stock will grow considerably if he manages to provide the organimanages to provide the vigament his mother's personal appeal over the mass of the people.

Bot Rajiv Gandhi and other

party leaders know that a lot of work has to be put into constituencies in both the north and south of the country before that apparent inability to lose can be turned into a sure victory.

They believe they will obtain more than 50 per cent of the 542 Lok Sabha seats up for election bot observers forecast a range of results varying from Mrs Gandhi only obtaining 200 or as many as 300.

The Congress now has to strike deals in soma areas with friendly opposition parties. Other supporters have to be Other supporters have to be bought or persuaded, as is the way in Indian politics, with bribes and gifts which will vary from truck loads of saris or blankets, or bundles of rupees, to promises of public jobs or the sanctioning of some industrial project in a certain town. Congress (I) is said to have been amassing the substantial funds needed to finance such a major operation in a country with about 542 constituencies and 200m voters (55 per cent of the electorate voted in the

But there is still plenty of time for the opposition to stop pulling itself apart and strike at least some deals about allocaat least some deals about alloca-tion of seats, forming loose liaisons that could shake the Congress bold in soma areas. There is however no sign yet of theing able to form the type of co-ordination that led to the election of the Janata Govern-ment in 1977 when Mrs Gandhi's stock had sunk to its lowest etock had sunk to its lowest because of har 1975-77 State of

Congress is said mormally to expect to base a win on about 40 per cent of the votes—broadly made up, observers say, of 5 per cent from the Brahmhn top Hindn caste, 25 per cent from the lowest Harijans and schedules castes and tribes, and 11 per cent from the constant. country'e Muslims who have traditionally seen the Congress Party as their guardian in a predominantly Hindu land. The challenge for the opposi-

The challenge for the opposition is to marshal its forces for the other 60 per cent.

It is usually assumed that Congress needs to top up its expected successes in the south of India with significant wins in tha Hindi-spaaking belt—tha states of Bihar, Uttarpradesh, Haryana, Rajasthan and Madhya Pradesh.

It is changes affecting these basic assumptions that are worrying the Congress leaders and make the detailed election

result less than clear-cut. First Mrs Gandhi had signifi-First Mrs Gandni had signin-cant losses in the south early last year which mean that the party leaders do not expect to do so well there as in 1980. She lost the traditional Congress stronghold of Andhra Pradesh to the Talugu Desam Regional Party led by Mr N. T. Rama Rao. a former film star whose appeal a former film star whose appea hies in his celluloid portrayal of Hindu gods. She also lost Karnataka to the Janata Party and, despite several efforts, has

push it from power.
Also in the south she has yet to sew np an expected liaison with the Aiadmk, the ruling regional party in Tamil Nadu, which is led by another exactor, Mr M. G. Ramachandran.

beeo unabla to destabilise its administration sufficiently to

There have been other set-hacks and victories in the past 18 months but a fresh sbock was delivered last month when Congress did less well than had

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it has far better access to such Pradesh which it has been funds, especially from industrialists in Indian and foreign ance in the Hindi belt. The setback specially irritated Mrs Gandhi because

the Rashtriya Sanjay Manch party founded by Mrs Manch Gandhi, har estranged Gaughter-in-law, won its second by-election seat in Uttar Predesh with significant Muslim support.

Maneka is set to stand in the Uttar Pradesh constituency of Amethi against Rajiv Gandhi, tha sitting MP.

The other worry which affects traditional assumptions is the Muslim vote. Congress leaders regard the recent Hindu-Muslim riots in Bombay and the surrounding areas of the state of Maharashira as potentially more worrying alectorally than the continuing trouble in the Puncheb. It is thought that Congress ish. It is thought that Congress stands to lose seriously if its image as the protector of the Muslims fades.

On the other hand no party

is doing well out of the Punjab troubles which leaves considerable room for initiatives with Congress as the party in power

Behind these electoral considerations ha two other major political issues — the possibility of Mrs Gandhi trying to make herself President and problems in relations between the central and State governments. Several of Mrs Gandbi's

would disrupt too many well established parliamentary and political procedures.

The attraction is that Mrs

Gandhi could preside above Parliament, potentially acting as a unifying force over party-political and regional differ-ences, and formalising the supreme authority she tries to supreme authority she tries to exercise now as Prime Minister. It could also enable her to introduce Rafiv as Prime Minister under her presidency. This would require a change in the constitution for which a Government needs a two-thirds president in health the Lab Sabba

Government needs a two-thirds majority in both the Lok Sabha (which Mrs Gandhi now has but might easily lose in the next election) and in the Raina Sabha upper house which she could organise with a little support from other parties. So far there is no sign that

It is generally assumed that elections, especially in Uttar But on the other hand, she has not know



The Golden Temple in Assertisar, centre of clashes between Sich militants and the army last week

not tried to stop some of her closest supporters airing their views on the issue.

to state governments have coma from a variety of sources in-

India was originally designed at independence as a federa-tion of states, each having conand State governments.

Several of Mrs Gandhi's the start, Nehru's Congress advisors favour creating an Government wanted to keep American style presidency, akthough Rajiv Gandhi has said this fitted the bureancratically he as not in favour because it controlled socialist economy he was trying to develop, and be-cause Congress was a centralised

Nehru however managed to balance this sensitively by allowing regional barons to emerge and it was these barons who chose Mrs Gandhi as their new leader, hoping sha would not prove a powerful figure.

However sha surprised them by sweeping them out of office and ever since has ameaned

and ever since has appeared totally opposed, sometimes in an almost paranoid way, to any development of regional autonomy.

That is creating major problems at present but Mrs Gandhi is resolutely refusing to take any initiative beyond setting up a commission of inquiry. If sha were to manage to lose

support from other parties.
So far there is no sign that Mrs Gaudhi is intent on making a move in these directions which could easily rebound against her by unifying the opposition parties against her.

If sha were to manage to lose the next election, the verdict of history would be that she brooght the downfall on her self by failing to grasp the problem of centre-state relations, enabling herself to be overwhelmed by forces the life.

Centre state relations have emerged as a major political issue because demands for Naw Delhi to devolve more power cluding opposition party chief ministers now governing south-ern states like Karnataka and Andrha Pradesh and from the Sikh's Akali Dal Party in the Punjab.

John Elliott jab is one of India's richest states and provides more than

Why Sikh activists turned to terrorism

THE TROUBLES in the northern Indian state of Punjab have escalated in the past two years from general agitation into major violence and terrorism and finally into last week's bloody battla between the Indian Army and Stich militants inside the In so doing they have focused attention very clearly on the way in which India's sectarian and communal unrest is complicated and eracerbated by political and

economic issues.

Sikhs want more religious recognition for their sect, which broke away from Hinduism 400 years age but now faces the risk of being diluted in importance as many of its younger generation shawe their beards, cut their hair and outwardly at least behave like the rest of India's Bindus. Sikhs are a proud and sensitive group of people and their activists are conscious of the warrier class that they became under their last guru—Goldind Singh—300 years ago.

Traditionally they have lived peacefully alongside Hindus, oftern internarrying, with none of the deep and explosive haired that often exists between India's two main groups—Hindus and

had of all the country's wheat and rice reserves. But many of its people feel they give more to India than they get back. The "green revolution" of the past 20 years that has made the Punjab India's gramary is running out of impetus. This particularly affects the Sikhs who make up half the state's 17m populahalf the state's 17m popula-tion and mainly work on the

development, with growing disparities between rich and

Punjab

poor communities and regions, sharpens such concerns, even in a prosperous state like Funjab. There the Sikhs say they want some of the large factories that are being diverted to less prosperous backward areas of India.

More specifically they want a greater share of vital river waters. And they want Chandigash, which they share with the neighbouring state of Haryana, to be their capital

They also want more automy for the Punjab from New Delhi, a demand which

Punjab issue itself casts some light on the rougher side of Indian politics, Sant Jarazil Singh Bhindranwale, the 38 year old former village priest who led the Sikh forces holdwho led the Sikh forces holding out in the Golden temple, came to power during a period of earlier agitation encouraged by Mrs Gandhi when she was out of power in the late 1970s.

At that time she was only too pleased to see him disrupt the Punjah Government, which then involved the Akali Dal. the Sikhs' main political

party. When she returned as Prime Minister in 1980 the Akali Dal had lost power, along with its larger partner, the Janutz party, but Bhind-ranwale refused to drop his activities.

The consequences of his death in the battle for the temple are now difficult to calculate but his supporters had warned beforehand of retaliation and civil war. Shindranwale himself had built up a devote following in the rural masses among whom he will now clearly be cen as a martyr.

At the very least Mrs Gandhi now faces the pros-pect of having to keep troops in the Punjab for many

Deep divisions block road to power

Opposition parties

EVER SINCE the heady days of Janata Party rule from 1977 to 1979 what is deceptively known as the "National" Opposition in India has been in the doldrums. Wafted by imaginary winds, battered by internal quarrels, the opposition parties remain stailed in their efforts to force a united front efforts to forge a united front that can present a viable alternative to Mrs Indira Gandhi's Congress (I).

Gardh's Congress (1).

The Congress has never won more than 46 per cent of the total votes polled in any election. The Janatz experiment in 1977, when Mrs Gandhi was bundled out of power, showed the political advantages of unity. Many futile attempts have been made to revive that unity since 1979.

Although eager that Mrs Gandhi should be removed from power, tha opposition leaders cootinua to wrangia and place obstacles in the way of achieving their aim. For the present, and probably until and after the next general elaction, tha Opposition remains in

In any case, it is misleading to talk of the Opposition as if it were a monolith. It is a ragbag of diverse, in some cases, contrary, groups that are highly, sometimes selfdestructively, individualistic in the perennial search for a "national alternative" to the

Many of the opposition parties have split several times and the groups are identified by the first letter of the leader's nama (much like tha Congress-I). For example, there congress-I). For example, there is the Congress(S), the Congress(J) and the Lok dal(K). None 4s really a national party, although most claim to be. Their ideological pretensions are blurred and there is none that does not claim to be "socialistic" and "democratic."

Observers agree that two choices are open to them. Tha first is for various sections in sympathy with each other to merge with larger units. The other is for them to retain their other is for them to retain their in accepting common policies, identities and come together but they represent the biggest for specific purposes such as step so far towards the clusive fighting elections, opposing the ruling party and forming like the Bharattya Janata Party governments. Both bave been and the Lok Dal have some



Left: Mr Charan Singh, president of the hreakaway Lok Dal, Right: Mr A. B. Vajpayee, president of the Rharatiya Janata Party (BJP)

tried in the past (the Janata solid backing and cadres in merger of 1977 is the best northern states, but for the most example) but with no lasting part they are mere platforms

now four main groupings in the opposition jungle. The most tha opposition jungle. The most stable and consistent is the left-wing grouping of the Marxists and like-minded parties (although the main Communist Party is distinct and none has merged) with their base mainly in eastern and south Indian states such as West Bengal, Tripura and Kerala.

The two main non-communist groupings are the right-wing National Democratic Alliance formed by the Bharatiya Janata Party and the Lok Dal, both of which apparent from the Epilip. which emerged from the splin-tering of the Janata combine, and the left-of-the-centre United Front. The latter is formed by five small parties, the most prominent of which are the left of the Janata Party and the Democratic Socialist Party.

The fourth major grouping is the regional parties which have captured power in states such as Andhra Pradesh, Tamilnadu and Kashmir. They have emerged from what is called "conclave politics," The first conclave of regional and oppo-sition parties was held in conclave of regional and oppo-sition parties was held in Andhra Pradesh at the initiative of the state's Chief Minister, N. T. Rama Rao, the former matines idel. But the concern of such conclaves is mainly with centre-state relations. The moves for opposition unity initiated by them have been mostly ineffective because of the lack of active participation by the big "national" parties.

There are at least 15 parties claiming to be national Opposi-tion. All seek a say on national, even international, issues and there is a torrent of statements Both groups were formed last year. Neither has been entirely successful in arranging co-operation for electoral purposes or in accepting common policies, but they represent the biggest and Tripura and a substantial following the property of the statements from their leaders every day.

Some of the most important parties are: Communist Jarty of India—
(Manyst)—This has its base mainly in Kerala, West Bengal but they represent the biggest and Tripura and a substantial following in Andhra Pradesh, Assam, Bihar, Punjab and Tamilnadu. Its strength in the lower house of Parliament (the

Lok Safha) is 36 out of 544. In West Bengal and Tripura it is the largest single party and the leader of the ruling left

Bharatiya Janata Party—A non-Communist grouping acknow-ledged by the Communists to be "the most well-organisad and ideological party with dis-ciplined cadres." The BJP has an activa membership of 4m, mainly in the northern states. It has 15 seats in the Lok Sabha and is well represented in the Bharatiya Janata Party-A nonand is well represented in the legislatures of northern states. Janatz Party—Although plagued by repeated desertions and a poor electoral performance, the party survives and rules the southern state of Karmataka. It has a membership of two and a half million and has 12 members in the Lok Sabha. What it badly lacks is a strong organisation.

Lok Dal—A party of farmers' leaders which has been affected by innumerable splits in recent months. It is a party of the Hindi-speaking northern belt. In the Lok Sabha, isocrared 33 mate in the 1990 elections. The seats in the 1980 elections. The parent Lok Dai remains the larger group with 26 members. A smaller faction of the same

K. K. Sharma

The 'l' is more than mere convenience

Congress (I)

WHEN Mrs Indira Gandhi split the Indian National Congress in ousted from power by the Janata Combine in 1977, she

Janata Combine in 1977, she called her fledgling party the Congress (I). The initial stood for Indira.

Although intended primarily to identify and differentiate it from the main Congress from which she broke away, tha initial has more uses than mere convenience. The "T" symbol. convenience. The "I" symbolised that it was Indica's party, her own creation for her own aims — to propel her back to

power.

Having achieved her object in the 1980 elections with a sweeping two-thirds victory in Parliamentary elections, the "I" remained. By July, 1981, it became clear that Indira's party was the legitimate heir to the Indian National Congress of Mahatma Gandhi and Jawaharlai Nehru that wun freedom for the country in 1947.

Yet Indira preferred to let the party continue to be known as the Congress (I). The reason soon became obvious, She intended it to remain very much intended it to remain very much her own party, continuing to serve her object of remaining in power and of perpetuating the Nehru dynasty.

The latter she managed by first grooming her late younger son, Sanjay, as the Congress (Ts) effective leader. Then, when he was tilled in an air so air

when he was killed in an air crash in June, 1980, the replaced him with his elder brother, Rajiv,

As the party prepares to face another general election, it is entirely different in character from the Congress Party launched in 1885 to fight for the country's freedom. The Congress has always been ridden with factional quarrels among its leaders as they fought each other on ideological or personal reasons.

The factional quarrels remain in the Congress (I), but almost entirely at the lower levels. The entirely at the lower levels. The major difference now is that the party has really no effective cadre since all its leaders owe their positions to the fact that they are loyal to Mrs Gandhi and Rajiv. They know they will retain these only as long as the loyalty remains unflinching.

The Congress (I) has never beld internal elections. Mrs

Gandhi declared herself its president when sha formed it in 1978 and retains the office without the formality of elections. Its senior officials have all been nominated by her, including Rajiv, whom she named as one of the party's four general secretaries in March, 1983, and on whom she relies 1983, and on whom she relies heavily to run the party's day-

1983, and on whom she relies heavily to run tha party's day-to-day affairs.

Its working committee, the executive arm, has entirely nominated members. So also does the All-India Congress Committee (AICC), the party's policy-making arm formed by about 700 delegates from the country's 22 states. The position in the states is the same; all state congress presidents and the organisations they lead are her (or Rajiv's) nominees.

Even these have hardly functioned. A full session of the Indian National Congress was held for the first time since the Congress (I) was formed in December, 1983. This was done to set in motion the preparations for the elections, and its proceedings were dominated by Mrs Gandhi and Rajiv, and much of the speech-making was in adulation of the two. Similarly, the AICC met first in 1980 and then went into hibernation until October. 1983.

larly, the AICC met first in 1980 and then went into hibernation until October, 1983.

As the influential fortnightly, India Today, said at the time:

"The image of the party is that of a wild bunch of rapacious politicians clinging to Mrs Gandhi because she was nothing more than a meal ticket." Since all officials in tha Congress (I) and chief ministers and ministers of congress (I) states are Mrs Gandhi's (and Rajiv's) nominees, their sole effort has been to please her merely to retain their posts.

nominees, their sole effort has been to please her merely to retain their posts.

The main work of creating a party machine that can effectively use Mrs Gandhi's vote-catching abilities is now being done by Rajiv. He has swung into action with the help of his old school and college friends who have brought in modern management techniques to mobilise a cadre to help the congress (1) to win the next general election.

Since his installation as one of the general secretaries of the congress (1), Rajiv has gone ahead from merely assisting his mother to a more active role in the affairs of the party. Some observers say he has quietly taken over the controlling lever of power.

Rajiv has replaced corrupt chief ministers and changed inefficient state congress chiefs. The stage has now been reached where nearly every dispute in the wrangling state units is vested by Rajiv before it is referred to Mrs Gandhiand sometimes settled by Rajiv without reference to her.

K. K. S.

Rajiv Gandhi prepares for an election battle... problems for the defence planners... Mrs.Gandhi's distrust of the U.S.

Inter-family fight looming

The Gandhis

es3()

A TOWN called Amethi about 100 miles south of the Indian border with Nepal is likely to become internationally famous during the next general elec-tion as the site for a headline-grabbing fight between two younger members of India's ruling Gandhi family. Favourite to win will be Mr

Rajiv Gandhi, the shy 39-year old son of Mrs Indira Gandhi old son of Mrs Indira Gandhi, India's Prime Minister, and her chosen successor when she eventually decides to retire.

The opponent, who might do better than many people think, is Mrs Maneka Gandhi, the vivacious 27-year-old widow of Rajiv's late brother Sanjay who died in an acrobatic abreraft accident four years ago.

years ago.

Amethi was Sanjay's constituency for membership of the Lok Sabha, India's lower house. It was inherited by Rajiv in a 1981 by-election when he was eventually persuaded to give np his career as an Indian Airline pilot of Boeing 737a and enter

Now Maneka, who has fallen out with the Gandhis and has Gandhi's dynastic plans. She is claiming the Amethi inheritance, symbolically carry-ing Varun, Sanjay'a four-year-old son and Mrs Gandh's grandson, in her arms.

The result at Amethi is not

likely to have any dramatic impact on the course of Indian politics—and could be circumposterior by either contestant because indian electoral law allows candidates to stand in more than one constituency at

a time.

But a defeat for Rajiv would be a sethack in his steady rise to political stardom designed by his mother to ensure that the political dynasty started by her fether. Jawaharal Nehru, India's first Puime Minister, is continued after she retires.

Sanjay, her younger and extrovert son, was Mrs Gandhi's first choice as her political aide and potential successor. He had



Opponents: Rajiv Gandhi and Maneka, widow of his brother Sanjay.

1975-77 State of Emergency. But be is still remembered by many people for his youthful determination to cut through the blockages that slow down India's development, even though the memory is tainted by the rougher side of his political dealings.

Radiv had no interest in politics till Sanjay's death. Now he is growing into a significant political figure as the most influential of five general secretaries of Congress (I), and a man not acred to speak his

officials when he forecast in February (in a Financial Times interview) that Pakistan would invade India by tha end of this

year. He has called for tougher action than his mother has sometimes been prepared to take in the Punjab and in Kashmire. Ha has also, clumsily some observers believe, attacked tha ruling Communist Party in and potential successor. He had west Bengal at a tima when his an instinct for crude political mother needs political aliances power and was blamed for many of the excesses of Mrs Gandhi'a election.

Although it is hard yet to detect any widespread impact on long-term government policies, be bas bad a major influered by the series of that he is "in politics for life" and when asked whether one day be will succeed his mother replies: "I think that question India's new approach to elec-

Within the Congress (I) Party, he has been rebuilding the organisational machine, trying to involve the grass roots and mobilise youth. He is also building up personal political support for the future by mak-ing his supporters Parliamen-

In a country where political sycophancy is a way of life, be is adulated by those seeking preference and favours. But bis image of "Mr Clean" survives because be seems to represent higher standards of ethics than are common among India's poll-ticians. And be wants the Government, after the next elec-tion, to take major initiatives to reduce corruption.

The main unanswored ques-tion is whether he has the stamina and guile to survive at

will come up, yes, and I would not shirk the issue."

First, however, he bas the test of Amethi. He may decide not to visit the constituency often during the next general elec-tion campaign to avoid public confrontations.

But there is bound to be plenty of publicity. Indian news papers have recently been full of reports about a court action between Mrs Gandhi and Maneka over the abare of Saning's certain. jay's estate.

In March Mrs Gandhi sent Maneka a solicitor's letter unvarun, the grandson, visit the Prime Ministerial bome on his fourth birthday.

Maneka—with Varun in ber arms—has a way of getting under Mrs Gaudhi's skin that

makes ber a major irritant on the political scene for the Gandhi dynasty.

John Elliott

Foreign policy

A WARM WELCOME and a range of festivities greeted Marshall Ustinov, the Soviet Defence Minister, when he visited New Delhi for a week in March — a strong contrast with the reception given to Mr George Bush, U.S. Vice-President, on a four-day trip

Marshal Ustinov's arrival was beraided by a complaint from Mrs Indira Gandhi, Indian Prime Minister, that India bad no place in the global strategy of the U.S. The visit was repeatedly marked by mutual praise and pleasantries between the two leaders.

Mr Bush himself had marked bis arrival by praising India as a "major pivotal power" with a global influence for larger than its regional role. But there was no answering echo of significance from India, even when Mr Bush departed declaring there was a basis for a "strong, enduring friendship."

India's distrust of the U.S. India's distrust of the U.S. and its apparent warmto of feeling towards the USSR are the poles of its overall foreign policy. The other three most important sides of that policy are its fractious relationship with Pakistan (which heavily influences its attitudes to the U.S. and USSR), its wish to dominate the foreign and other policies of its smaller south Asian neighbours, and its current leadership of the non-aligned movement.

realisation that it could not willingly become a satellite of the USSR. That was important for the vice-president of a country which abhors India's traditional socialist leanings and its bureaucratic public sector inefficiency. The U.S. also cannot understand why non-alignment has to be tilted in favour of the USSR rather than the West, especially when Russia is occupying Afghanistan.

Arghamstan.

Mrs Gandhl for ber part is frustrated at the lack of progress in relations with the U.S. since she visited the country in 1982 and this has undoubtedly soured ber act to Russian pressures, It attitude. Her bitterness escalated earlier this year was forced by the USSR last year suddenly to find ways of when American F16 fighters purchasing more goods from the started arriving in Pakistan. started arriving in Pakistan and when the U.S. instigated cuts in the World Bank's soft



Warm relations with USSR as U.S. links sour

lending arm that will hit terms) to restore a deteriorating balance of trade.

"India is now seif-sufficient in food and so, just as we are getting ready to stand on our own feet, moves are made to U.S. personal, cultural and trade use sufficient terms. Mr Bush apparently left with a greater personal confidence about India's basic commitment to democracy, and therefore a suspicions often heard in New dren

Delhi about true U.S. motives.
"Do they want us to abandon
our carefully controlled debt
profile and pass on today's
debts to future generations?", By contrast there is no lurk-

ing suspicion of the USSR.
India is in no doubt that the
USSR wants to pull it into a
dependent relationship based on trade and defence purchases. But India has felt strong enough for three or four years to assert some independence—

purchasing more goods from the Soviet bloc including Russian defence equipment (which is supplied on specially favourable

trade ties and few Indo-USSR Rich Indians send their chil-

Rich Indians send their con-dren to MIT or Harvard, not Leningrad or Moscow, for uni-versity education. They go on holiday to Europe or 1be U.S., holiday to Europe or 1be U.S., not the Black Sea. The Festival of India staged in London two years ago is about to go to the U.S. (and France), not Moscow. India's trade with the U.S. is India's trade with the U.S. Is marginally ahead of that with the USSR and the U.S. bas entered into a larger number of industrial collaboration projects in India than any other country. By contrast the USSR for some years has had little, technologically, to offer. For these reasons some Indian diplomats and businessmen tend to dismiss Mrs Gandhi's anti-U.S. rhetoric, and the consequential stand-off dip-

the consequential stand-off dip-lomatic relationship, saying that both countries deaders are play-ing politics for their domestic audiences.

One flaw in that interpreta-

real intections with the USSR, but also about its domineering attitude to its South Aslan neighbours, most of whom are

U.S. allies.
India believes It has a right to demand that neighouring countries should remain friendly. It says it recognises their rights as sovereign states but immediately qualifies this by saying they should not believe they have a unilateral right to instal foreign military

Its relationships with Pakistan swing from talks aimed at normalising trade and travel arrangements (currently making good progress) to warnings that military build-ups along the border could lead to invasion. In particular it resents U.S. desence supplies to Pakistan which, it says, only en-courage Pakistan's more militaristic leaders and increase the risk of another Indo-Pakistan

India has persuaded Sri Lanka to accept its assistance to try — so far unsuccessfully — to solve the island's ethnle problems. It argues that it has a legitimate interest because of links between Tamils in Sri Lanka and in its southern state of Tamil Nadu. It also fears an antiux of refugees from the island if the situation worsens. On the other hand it is accused by Sri Lanka of harbouring and southern coast.

On its border with Bangladesh it has been creeting a fence to deter refugees, without formally discussing the move first with the Bangladesh Government. That has led to armed clashes. It also has differences with Nepal, which link with long-standing Indo-Chinese

Diplomats in neighbouring countries blame this style of diplomacy personally oo Mrs Gandhi, saving life was easier when the Janaia Government briefly ruled India from 1977 to 1980. The Gandhi Govern-ment argues that it is rare for a country of its size to take so relaxed a view of its regional role and that it is merely fol-lowing its chosen path of non-alignment in wanting to keep its neighbours in line

What worries the U.S. the neighbouring countries — is why India finds it necessary to wield this influence in what to outsiders often seems an

Re-think on domestic manufacture

Defence

DEVELOPMENTS IN the the vicinity of tha Indian subcontinent and the deterioration continent and the deterioration the first two stages, that is the import of aircraft in flyaway condition and the import of CKD defence planners have had to kits for assembly in India. take a bard look at their plans for indigenous manufacture of weapons and equipment for the three services. Advances in technology in recent years have con-tributed towards substantial revisions in policy that have had

to be made. The main casualty has been the decision, taken more than five years ago, that major purchases abroad would be made only if the foreign suppliers agreed to transfer the technique for their manufacture in

agreed to transfer the technology for their manufacture in
India and also agreed to what
were called "buyback" clauses
In sales contracts.
The aim of this was twofold.
Firstly, India would become
self-sufficient in the manufacture of sophisticated weapons
and develop a modern armaments industry. Secondly, by enand develop a modern arma-ments industry. Secondly, by en-couraging foreign suppliers to enter into arrangements for purchase of components, the country would earn back sub-stantial parts of the scarce foreign exchange spent on the

projects.

The first major agreement entered into under this policy was with British Aerospace for the setting up of manufacturing facilities for the Indo-French Jaguar aircraft in 1978. A three-phase agreement was reached for, first, import of Jaguars in flyaway condition, second, for import of completely knocked down (CKD) kits for assembly of the aircraft by Hindusthan

of the aircraft by Hindusthan Acoranutics at Bangalore and, finally, manufacture of the Jaguars under licence in India. Within three years, rethinking set in. The events in Afghanistan in 1980, when the Russians invaded that country, hastened the process. This led to the U.S. decision to supply Pakistan with sophisticated weapons worth \$3.2bn, including the F-16s and modern mis-

that have resulted in the Indian air force becoming heavily Pakistan with sophisticated weapons worth \$3.2bn, including the F-16s and modern missiles of various kinds.

For India's defence planners, this meant an agonising reappraisal of the ambitious plans and principles formulated for manufacture of weaponry. It was found that the plans for phased manufacture of modern weapons and their eventual export would have to ba modified. Secondly, it was realised the policy of diversification of sources of supply with the aim of avoiding dependence on only a single source would have to ba modified. Secondly with flexibility.

The technological leap that

the Pakistan air forca would make with the acquisition of Indians limited both the Jaguar proposals. Very little is made the F-16s and strategic studies and the Mirage 2000 promade by India's planners led grammes and opted instead for the Jaguar constant of the Jaguar proposals. Very little is made public about how forcing description of the Jaguar proposals. tract and major changes in plans to acquire modern air-craft and other weapons. The Jaguer contract was limited to

To improve the strike capa-bility of the Indian air force, the Government then embarked on a two-fold strategy. The first involved the ordering of sophi-

Russian Migs. This followed the purchase of several squadrons of tha Mig-23s and the Mig-25s wit the major decision that the Indian fighter manufacturing programme should be mostly Russian-based.

In a way, this was the logical development of the original plans to use Russian technology for the aircraft for the air force. Hindusthan Aeronautics has



sticated Mirage 2000 jets from France. Forty of these were ordered but original plans to manufacture more in India were abandoned, partly for

reasons of economy.
Reasons of economy as well as political pressure by the Russians led again to decisions that have resulted in the Indian air force becoming heavily

already set up three plants at Bangalore, Nasik and Koraput for making the Mig-2I and its successor. This phase is now over and, with considerably less additional investment than would bave been required for building new plants for making Western zircraft, the three plants are to he

Tha first new Migs to be made will be tha Mig-23 to supplement those bought outright from the Russians. Manufacture of the Mig-25 (the foxbat) is to be skipped, partly as this alreraft is of use mainly for reconnaisance. Plans are also afoot to manufacture the Mig-27, but what made the Russian bnt wbat made the Russian proposals really attractive was the Soviet decision to allow the Indians to make subsequent versions under licence, including the Mig-29 and the Mig-31. Both are still in the drawing-board stage even in the Soviet

Russian terms also

Russians offered Indicrously cheap aircraft to lure away the Indians from Western sources of supply. The Mig-27, for instance, is said to have been offered at about a quarter the price that India is paying for the Mirage 2000 and both aircraft have comparable performances.

The defence ministry remains reticent about the terms of purchases from all sources, but the contracts recently signed with European countries are said to be based on attractive commercial terms, Russians offered Indicrously

tries are said to be based on attractive commercial terms, including government-guaranteed suppliers credits over 10 to 15 years. But all these are to be settled in hard currency, the ontflow of which has been and will be beavy for years.

Payment has to be made not only for the British Jaguars, French Mirage 2000s but also for Sea Harriers and belicopters from Britain and submarines from Germany. In all these cases, incidentally, India has sacrificed the policy of insisting on transfer of technology for indigenous manufacture of defence equipment purchased abroad.

An agreement has finally

An agreement has finally been reached for a purchase of U.S. engines for the Dornier, the German light transport airthe German light transport aircraft, to be manufactured by Hindusthan Aernoautics. This is the first supply of U.S. defence equipment to India for more than a decade and, combined with other purchases from Europe, there has been undoubtedly an increase of defence equipment and weapons from Western sources in recent years.

from Western sources in recent years.

But, apart from aircraft, India is buying armour (including the T-27 tank), artillery, missiles, submarines and warships from the Soviet Union to help modernise the three services. The Soviet bias in equipment remains despite the efforts towards diversification of sources of supply, both for of sources of supply, both for political and economic reasons All this supplements a major internal defence production effort from 34 ordnance factories with a total annual turnover of just under Rs 9bn and another Rs 15bn from eight rubble sector units that manual public sector units that manufacture mostly to meet the needs of the defence services. They have plans to modernise and meet the needs of tha services. These include Hindusthan Aeronautics' plans to make a modern light combat aircraft, talks on which are being beld with the Russians and western countries.

K. K. S.

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Debate starts about whether necessary growth can be stimulated under the present system of economic and industrial controls

'A competitive environment is missing'

Economic trends

ECONOMY has INDIA'S improved dramatically in the past year, mainly because of an excellent monsson which led to record grain harvests, and also because of a sharp rise in the production of oil.

Tho good barvest put new momentum into the economy which has just started to feed through into industrial growth. The oil production boosted both the country's balance of pay-ments and tho Government's budgetary financing require-

But the basic problems of the oconomy remain: inhibiting political and bureaucratic controls: poor infrastructure services: a reluctance on the part of the private sector to generato the industrial growth thet is needod: and poor porformance by many public sector

industries.

Mr Praneb Mukherjee,
Finance Minister, says be is
now confident that the country will echieve its average growth target of 5.2 per cent for the existing 1980-85 five-year plan and that wholesale price rises will fall to 7 to 8 per cent in the coming year, having peaked at an annual rate of 10.6 per cent in January.

Foreign exchange reserves have risen from \$4.6bn in Mercb 1993 to \$5.5bn and are expected to stabilise around this figure Oil imports are down from 65 per cent of India's require-

ments in 1979-80 to 33 per cent expected in the coming year. Now a dobate is building up ebout whether the necessary growth can be stimulated under tho present system of economic and industrial controls. A government committee has been sot up to consider ways of switching the basic system eway from import and industrial licensing based on physical con-trols to a more fiscal based 1

In its recent private annual report on India, the World Bank said: "Developments in the Indian economy during 1983-84 highlight very well the pro-gress that has been made in re-cent years towards accelerated GDP growth, external adjust-ment, and increased savings and

investment rates.

"But the current year also highlights the disappointing performance of industry, the continuing shortfalls in electric power generation, tho need to regain and sustain momentum in exports and the need to manage the economy so as to while generating adequate re-sources for development." That is a significant criticism,

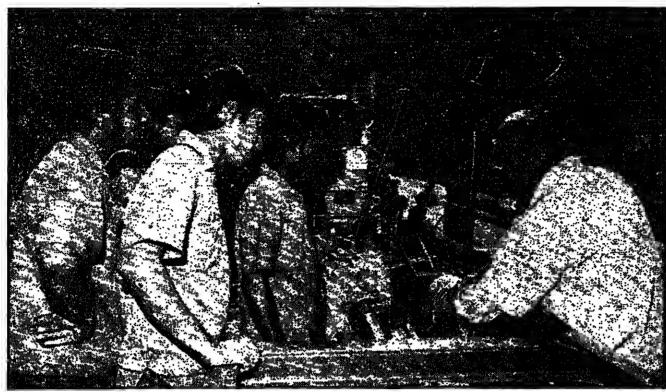
coming from the World Bank, which looks kindly on india, traditionally its biggest client. The report's theme is that India can "improvo its growth performance through e bettor utilisation of existing resources" and that it should modernise its systems, infrestructure and attitudes to make

It roflects a view prevalent in the U.S. and among right-wing oconomists elsewhere that because of its overwholming inefficiency, India has wested re-sources and opportunities that have been heaped upon it. The issuo has boon sharpened by India's outspokon complaints concerning the reduction from \$12bn to \$9bn in the now budget of the Industrial Devolopmont Association, the World Bank's soft londing arm.

about controls bave been voiced by Mr L. K. Jha, a vetoran Indian civil servant charged

three years ago by Mrs Gandhi

Foreign banks



Apprentices examine a commercial vehicle at the Tata Telco Poona plant. Motors are playing a growing role in India's economy

PUBLIC SECTOR BUDGET (Rs. crores)	1983- <u>4</u> Est.	1984-5 Est.	Change %
1 Agriculture	1397.62	1534.51	9.8
2 Rural Development	1278.73	1801.84	40.9
3 Special Area Programme	362.50	424.51	17.1
4 Irrigation and Flood Control	2464.17	2674.62	8.5
5 Energy	8323.36	9551.58	14.8
(i) Power	4532.19	5268.90	16.3
(ii) Petroleum	2815.00	3126.63	11.1
(iii) Coal	946.17	1117.00	18.1
(iv) New and reasonable source of Energy	30.00	37.00	23.3
(v) Energy Development	40.00	2.00	
6 Industry and Minerals	3492.51	4595.20	31.6
(i) Village and Small Scale Industries	411.18	487.01	18.4
(ii) Largo and Medium Industries	3040.23	4065.19	33.7
(iii) Export-Import Bank of India	40.00	42.00	5.0
(iv) Share capital to Nationalised Banks	1.00	1.00	
7 Transport	3033.57	3449.29	18.7
	704.49	979.77	39.1
8 Communications, Information and Broadcasting	238.71	344.02	44.1
9 Scionce and Technology	3682.10	4818.27	17.3
0 Social Services	679.74	831.26	22.8
(i) Education		8.60	19.4
(ii) Sports	6.70	547.46	17.0
(iii) Health	468.02		32.7
(iv) Family Wolfare	880.00	438.00	
(v) Housing	406.73	427.98	5.2
(vi) Urban Development	244.10	251.00	2.8
(vii) Water supply and sanitation	903,89	1087,40	20.3
(viii) Wolfara of Scheduled castes, Scheduled	*****	***	
Tribes and other backward classes	232,99	264.63	13.6
(is) Special Central additive for Scheduled		- 40 -0	
Castes component Plans	125.00	140.00	12.0
(x) Social Welfare	91.39	134.25	46.9
(xl) Nutrition	145.06	126,31	(-)12.9
(xii) Labour and Labour-Welfare	48.48	61.98	27.8
1 Special Incentive for better performance by states	300,00	200.00	(-)33.3
2 Others	202.56	258.58	27.7
13 Total (1 to 12)	25480.32	30132.14	18,3

general economic advice and specifically suggesting how in-dustrial controls can be dis-

Giving vent to frustration be-cause many of his ideas have been blocked by jealous politi-cians and bureaucrats, Mr Jba said recently that an "environmont of competitiveness is missing in india," because the country was a sellers' market with restricted imports and restricted home production.

"We need more onlightened licensing policies to give more liberty." he said, adding: "Let we more liberty and less licensing, fower controls and more offective planning." Con-trols should concentrate on protecting consumors " rather than on the concentration of economic and corporate power," he declared referring indirectly to the recently expanded Monopolies and Restrictive Trado Practices Act whose main target is limiting the growth nf

Financa Secretary till last year and now principal of the Indian Administrative Staff College in Hyderabad, to expand work It bas been doing on the role of financial institutions in industry.

The terms of reference can be interpreted as pressaging a major reform or the addition of e plethora of extra controls on top of the existing system. They tell the committee—which has been expanded in the past few weeks to look at a possible switch "from physical control to financial control in order to achieve socially desirable nbjectives."

They say this would involve making "more effective use of the commanding belghts in banking and investment financing."

is now expected to have totalled a record 150m tonnes, well above the previous 133m tonnes record in 1981-82.

Mr Pranab Mukhorjee says this has belied to bear according to the previous says that he had to bear according to the previous says that he had to bear according to the previous says that he had to bear according to the previous says that he had to bear according to the previous says that he had to be a say that the previous says t

At present economic controls operate primarily through import production licences which companies acquire laboriously in their hundreds

Indian companies, but especially to foreign concerns which often cannot believe it can be worth operating in such a country.

But desplte such problems India is becoming an increas-ingly attractivo place for foreign companies to do business, firstly following moves in the past few yoars relaxing some import and industrial controls and secondly as alternative international markets dry up.

There have also been considerable improvements in the economy during the past year. Food grain output in 1983-84 is now expected to have totalled

Mr Pranab Mukhorjee says this has helped to boost economic growth to about 7 per cent in 1983-84. Unless there are serious probloms in the coming months this means that an everage of 5.2 per cent abould be achieved for the 1980-85 sixth five-year plan. Mr Mukhorjee says the average target is limiting the growth of for every aspect of production abould be achieved for the companies.

In January the Government asked a committee headed by et least a couple of years and could be as high as 5.4 per cent.

industry responded slowly to the agricultural impetus but started rising in January and February sufficiently to make the figure for the financial year 1983-84 approaching 5 per cent, or 5.5 per cent when substantial growth figures in infrastructure industries such as crude petroleum, electricity and coal are included.

India's oil production went up by 24 per cent in 1983-84 to about 26m tonnes, well abovo forecasts and is scheduled to reach 29m tonnes this year.

Prices are still rising fastor than the Government would like, despite Mr Mukherjee's optimism and thore have been major increases for a fow basic materials including 16 per cent for aluminium and 25 per cent

Consumor prices are going np at an annual rate of 12.4 per cent although this rate should

cent although this rate should decline soon following the trend in the wholesale price index.

The Government's confidence about its balance of payments was demonstrated earlier this year when Mrs Gandhi told, the International Monetary Fund that India did not need the final SOR 11 hm of its threevest. But the general international aid climate will pose problems for India and, when taken together with a shortage of internally generated investment funds, means that the next five-year plan will not be as large as many of the country's vested interests would like. SDR 1.1bn of its three-year SDR 5.2bn short-term loan due

That decision bas both pro-Left-wing critics at home, some of whom did not approve of the loan, and has enhanced India's standing with international banks which are keen to provide it with commercial loans.

But exports are not picking up sufficiently to provido anough balance of payments security in the future although Mr Mukhorjee insists be is heppy with a 12 to 13 per cent

growth now being achieved.

The balance of paymonts is being boosted by bank aloposits from Indians living abroad which Mr Mukherjee says have risen from about \$70m a month last year to \$100m a month. This flow is vulnerable to competition from foreign interest rates and is much smaller than businessmen belleve

many t Problems will be faced in a year or two when major repayments will start to build up on foreign borrowings. So the Government is not allowing a major increase in foreign commercial borrowing. It does not want its debt service ratio of foreign borrowings to total

Likely targets for new five year plan

India's next five-year plan for 1985-90 will concentrate on improving the country's agriculture and infrastruc-ture, on making more efficient use of existing capital investment, and on increasing employment. Mrs Indira Gandhi is giving this a political gloss in election year by placing the mphasis on "food, work and produc-

tivity." Tho pian will probably aim for just over 5 per cent economic growth. In real terms this will be substantially more than the 5.2 per cent of the current five-year plan 1980-85 which started from a very low base. Mr Pranab Mukherjee, Finance Minister, is confident the current 5.2 per cent target

will be achieved.
The new plan is likely to involve a total public-sector outlay of at least \$206bn. This compares with a \$139bn outlay (at 1984 prices) proposed in the current sixth. onliay (at 1984 precis) pro-posed in the current sixth plant which is likely to end up at around \$110bs, n short-fall approaching 20 per cent, because the public sector has not wet targets.

India's National Develop-ment Council is now debating the new plan and a paper on its overall approach is ex-pected to be published next

munth. Tho precise allocations for the precise allocations for different sectors have yet to be finalised and many Ministries are still lohhying for their own proposals. But it is already clear that electric power will receive top priority and that special attention will also be paid to: agriculture including irrigation, fertilisers and tea; com-munications including trans-port and telecommunications; oll refining as well as exploration; and general pro-grammes to alleviate poverty.

Proposals being discussed, which include private sector investment as well as the public sector outlay, include:

ELECTRIC POWER: A U.S.\$67bn expenditure (\$11bn in the current plan) including \$30bn to \$35bn for generation. with an increased emphasis on hydro plants. Spending of \$500m in the next three years

on improving existing plants also proposed. also proposed.

OIL: The Oil and Natural Gas Commission wants capital investment of \$18bn (compared with \$7.8bn in the current plan). Further expenditure is also proposed to increase refining capacity by nearly 20 per cent.

STEEL: Policy has been unclear for six months but expenditure will be restricted mainly to modernising old plants with possible moves into new technologies for new small steel works.

TELECOMMUNICATIONS:

small steel works.

TELECOMMUNICATIONS:
The Communications Ministry wants a \$12.5bn budget—
five times current levels—of which it might be allocated about 80 per cent.

ELECTRONICS: The Electronics Ministry wants a \$2bn investment to boost the industry's production ranging from components to main frame

components to main frame computer from \$1.35n last year to \$10bm in 1990. TEA: A \$800m investment pregramme is under consid-

The approach of the plan is in line with the views of the World Bank which said in its latest private annual report on India: "If future invest-ments are focused in areas which enhance the efficiency of existing capital stock, it should be possible to attain 5 per cent annual GDP growth with investment at its current rate or only marginally high.



About \$500m is likely to be spent on improving electric power plants in the next fivo years. Above: the thermal power station in Trombay.

Huge deficit trimmed by surge in exports

Foreign trade

export earnings, now standing at about 14 per cent to rise above the 20 per cent figure likely later in the decade.

Tha Government estimates that its income from tha World Bank's DDA will drop by about \$400m a year during the next three years because India is not expecting to receive more than

expecting to receive more than 25 por cent of the \$9bn IDA

three-year replenishment instoad of the 40 per cent of the

four-year \$12bn fund just

India has asked the Asian Development Bank for a loan of

\$1bn and Mr Mukherjee says be expects to receive at least more than the \$300m total that bas been rumoured.

It is also asking its general dilateral ald donors' consortium

John Elliott

to increase commitments above

t year \$3.4bm.

publicly drawing much satis-faction from the elight fall in the country's huge annual trade doficit last year, but officials concede that this is still large enough to seriously oroda foreign exchange reserves.

much better than the Rs 55hn in 1982-83 and Rs 58bn in the two previous years.

The main cause has been a substantial rise in exports by just over 12 per cent at a time when world trade has been staguant secompanied by a marginal rise of just 2 per cent in imports. Hopes are that ex-ports will rise by 15 per cent this year while imports are contained.

Whether this trend persists in the 1980s will depend mainly on the internal effort made to increase production of four main items that are imported in bulk. Crude oll imports now account for around 30 per cent of total imports. Taken with imports of essential consumer goods like cooking oil, fertilisers and foodgrain bulk imports account for more than 70 per cent of the total.

Officials recognise that only a concerted bid to increase pro-duction of these will reduce their imports and release foreign exchange for other vital inputs for industrial growth like capital goods and raw materials. At present, the only cause for satisfaction is the rapid increase in production of crude and petroleum pro-

being reduced as more acreage is devoted to oilseeds. These fell from 1.4m tonnes, worth year. But, because of the set-back to groundnut production, imports increased again in 1983-84 by around 18 per cent. The same is the case with foodgrains, about 5m tonnes of

mainly to provide a buffer for Russia, notably crude oil and years when production falls, industrial raw materials. Indeed, one of the main con- Exports to the Russians are

equal importance of increased production, particularly in the Final estimates for fiscal 1983-84 are not yet ready but the trends in the first 10 months of the year encourage the ministry to predict that the gap will be slightly below new items as diamonds and Rs 50bn. This is substantial but gument hetter than the Rs 55hn about holding their own and case of such traditional items new items as diamonds and gems while garments are just about holding their own and engineering goods have run into difficulty after the promising beginning they made in the past five or six years.

The example of engineering goods shows the importance of development of markets for Indian manufactures. The setback has been mainly due to the slowdown in project exports in the Middle East where they saw a boom in earlier years as well as the difficulties encountered in trade with Russia which are only just now being sorted out. Russia became India's largest

single trading partner three years ago. This is important because of the unusual basis of what amounts to barter (described as non-convertible rupee trada) arrangements made with Russia and many East European countries.

unable to provide India with the modern equipment needed for ministry more is that both the industrial projects. On the other U.S. and European countries hand, because of India's indus-trialisation, the Russians have of India's exports on the found themselves importing grounds that these affoct their manufactured goods, notably job opportunities. India has consumer goods like textiles. large trade deficits with nearly Many producers earmarked all major western countries large sectors of their capacity which it wants to reduce as part to meet Russian needs.

Thus, the roles became reversed. India now imports

which it wants to reduce as part of the strategy to narrow the massive overall trade gap.

which bave been imported versed. India now imports annually for the past few years mainly primary goods from

Indeed, one of the main constraints is India's erratic weather since imports of bulk consumer goods have to be increased after a drought just when the pressure on foreign exchanga reserves is the greatest.

Treads in exports show the Trends in exports show the now turning increasingly to qual importance of increased western sources for this).

In 1983, matters actually came to a head when Russians cancelled nrders on their tradi-tional suppliers in India and caused acute distress when many suddonly faced surplus capacity as a result. A number have attempted to correct tho situation and the Commerce Ministry seys that the Russians havo resumed making contracts in accordance with the annual trade plan.
But it remains significant that

the imbalance in trade with the Soviet Union has been improved only by India agreeing to import more crude and petroleum goods as well as fertilisers. As self-sufficiency in this is possible by the end of the decade, Indo-Soviet trade could fece ma problems in the year ahead. At present, and for some years to come, the balance is being redressed mainly because of beavy defence purchases from the Russians although these are not reflocted in trade figures. But for the present, the Soviet Union remains India's

most important trading partner. This is despite the fact that in 1983, the largest two-way Because of India's Industrial trade turnover was with the rogress and the relative slow U.S. This is really an accident progress and the relative slow U.S. This is really an accident growth of Soviet technology in and is mainly due to imports growth of Soviet technology in areas needed by this country, by U.S. oil companies of low-there bas been a change in the sulpbur Indian cruda produced pattern of Indo-Soviet trade. In the western continental shelf Many of the giant public sector for which there is insufficient projects established in the past couple of decades were based an imports of machinery and capital goods from the Soviat Union. For the past faw years, how-For the past faw years, how it produces, the U.S. will ever, tha Russians bave been become less important.

What concerns the commerce

K. K. Sharma

Queue forms to set up branches

NARIMAN POINT, the new business district of Bombay, is becoming the homo of inter-national banks in India. Sandwiched between two government-owned banks is Bank of Nova Scotia, a Canadiau bank, which made its debut on the Indian subcontinent last month. A few blocks away is Bank of Credit and Commerce Intornational (BCCI), which upgraded its representative nffice to a fullfledged branch

Foreign banks are rushing to set up offices in India. Bankers see the country is more nos-pitable than before for doing business. "Indie has handled its economy extremely well and I think India's public ettitude towards foreign investment is changing," says Mr David Rockefeller, former chairman of Chase Manhattan Bank during a visit to New Delhi earlier

He urged that the Chase Manhattan Bank be ellowed to upgrade its 40-year-old Bombay ropresentative office to a

Although the economy is tive offices. They ere probably opening up for foreign invest- just on the fringes of tho ment and technology transfer, Indian economy and account

FOREIGN BANKS WITH BRANCHES IN INDIA

Grindlays Bank Chartered Bank Hongkong Bank Bank of America Citibank American Express
Bank Nationale de Paris Bank of Tokyo British Bank of Middle East 1 Mitsui Bank Sonali Bank **Emirates Commercial Bank 1** European Asian Bank Bank of Oman Banque Indosuez Bank of Nova Scotia

India does not allow foreign banks freely to open branches capablo of accepting local deposits and making loans. The Reserve Bank of India, counterpart to the Benk of

England, permits freely foreign banks to set up representative offices. India has 31 foreign banks, 18 of which have 132 branches, and the remaining 13, of which bave only representa-

Last year was a landmark for foreign banks. The Reservo Bank approved branches for three—The Oman Arab African

Bank, the Bank of Nova Scotia and the BCCI. Then a few weeks ago the Bank of Kuwalt and tha Bank of Bahrain were also given approval to open a new branch each, although they have still to do so. Until relatively recently, it would bave been unthinkable for these banks to establish or expand

their presence here.

For a decade after the nationalisation of all 14 major Indian banks in 1969 the Government put the lid on the growth of foreign banks which were thus prevented from sbaring in India's growth,

Traditionally foreign banks India, especially British banks, involved themselves largely with financing inter-national trade. Policymakors debated after 1969 whether or not foreign banks should take up expensive, but beneficial, social banking—to expand in in rural areas, finance farmers and rural artisants.

the last community of the first of the second contraction of the contr

for less than 4 per cent of total assets of the Indian Banking system.

Grindlay's Bank, the nidest in India, leads the field with assets around \$950m, followed by Citibank (\$550m) and Hongkong Bank (\$550m) and Hongkong Bank (\$440m).

Lett year arms (\$440m).

Test year arms (\$440m). Rank like the Chase Manhe tan still waiting in the queue for approval are quite often trying to prove thoir worth and commitment to India by offering mitted to open abroad with the

oranches of n particular country in India—to help tha expansion of Indian banks over-For three years preference has also been given to banks of countries not already present in India. Now bankers see a subtlo change in the norms for foreign banks' ontry although the Reserve Benk denies a shift from the policy of reciprocity. Mr Rockefeller was quoted by

local magazine as saying Now they (Indian leaders) are putting emphasis on what the bank (seeking entry) can do to benefit India." That would explain the permission granted to banks from the Middle East which are playing an increasingly important

role in financing development in

tha best possible terms for syndicated loans. Chase offered \$30m to Industrial Credit and Investment Corporetion of India (ICICI) at per cent over Libor, a fine margin quoted for industrial netions. And Lloyds Internetions. And Lloyds Inter-national which has opened a representative office in New

Delhi—believing the political centre rather than the business centre of India to be best for its type of operation—has also been extremely competitive in "New Delhi expects foreign banks to break new ground," says one banker. The govern-ment wants to link the ontry of foreign banks to new Idoas that benefit the Indian economy on

the international front. Banks Imports of cooking oil are can assist, for instance, in lift ing India's exports. R. C. Murthy Rs 6.3bn in 1981-82 to 500,000 tonnes worth Rs 2.2bn the next

FOREIGN BANKS WITH REPRESENTATIVE OFFICES IN INDIA: Bankors Trust Co; Midiand Bank; Bank of Montreal; Lloyds Bank; Chase Manhattan Bank; Irving Trust; Barclays Bank Intornational; Credit Lyonnais; Bank of Foreign Trade of USSR; Societe General; Manufacturers Hanover Trust; Chemical Bank; Amsterdam-Rotterdam Bank.

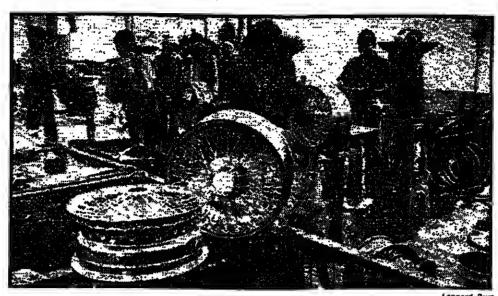


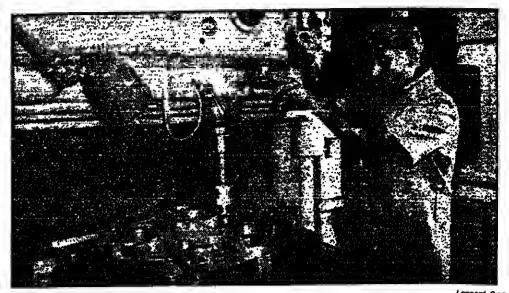
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Efforts are being made to improve efficiency but the country has a long way to go before it shakes off its reputation for slackness

Output grows but major problems still to be tackled





Left: the finishing department of Wheels of India's Madras plant. Right: flg-boring in the tool room at Hindustan Machine Tools in Bangalore.

Industrial

overview

INDIAN industry is beginning to emerge from the depression of the past few years. Indus-trial growth has picked up sud-denly in the past couple of months, albeit much later than

There are widespread indications of manufacturing industry beginning to modernise itself and moving into new technologies after decades of stag-nation. Self-reliance in tech-nology and production remains the primary goal although imports of technology and finance are now being encouraged to speed technological develop-

But the over-riding problems of a suffocating bureacracy and debilitating infrastructure services remain major impedi-ments to growth. And despite relaxations of industrial controls, industrialists complain that there bave been seetbacks in the past six months because top level politicians and middle ranking an senior civil ser-vants are unwilling to release

the strings of power.

Efforts are being made—
monitored by a special Cabinet committee—to improve infrastructure efficiency, especially coal supplies and generation.
Telecommunications are also improving

But unreliability, chronic power and other shortages, low capacity working, a lack of competition at bome and man-agerial lethargy mar the im-

other countries in third-country projects ia a major target at

present).

But tha Indians who go abroad rarely reach the top levels of international management because, according to many Indian industrialists, they do not have the expertise to manage large industrial organisations. "We are not organisations. "We are not strong on management systems in emotional or practical terms,"
anys Mr Tarum Das, director
general of the Association of
Indian Engineering Industries.

The introduction of Japanese management techniques in the Indian motor industry through joint ventures now being implemented should have a marked impact. But generally it is acknowledge that much more

needs to be done. So India bas a long way to go before its manufacturing Industry—which makes up about 16 per cent of gross domestic product—shakes off its reputs-tion for poor performance including low productivity and

rough quality. The problems also mean that manufacturing industry is unlikely in the foreseeable future to achieve the sort of major leaps in output and productivity that have been seen in agriculture.

The most recent sign of improvement has been a sudden upturn in industrial growth in the past four months. Figures for annual growth in industrial production have shot up from 3.4 per cent. 4.9 per cent and 5 per cent in the second, third and fourth quarters of last year to 8.3 per cent in the first three

mooths of this year.
The Government is now forerovements.

India is renowned acros the world for the excellence of its scleotists and technologists. Some companies are also building a reputation for industrial projects and ioint ventures abroad (collaborating with

But a lot of the improvement improved in the past few months' figures sustained dustries which have a weighting of about 20 per cent in the production index. This obscures the fact that many areas of manufacturing — especially in the capital plant sectors—have abown little improvement and that some industries such as

textiles, jute and sugar are not improving.

The Association of Indian Engineering Industries is still talking in terms of extremely limited growth in many areas, despite an upturn in some conengineering products

But the energy industries performance - if --- could have a dramatic impact on industries all over India where production shutdowns caused by power shortages are common for a few hours a day or a day or two a week. The steel, fertiliser and cement industries have been hit specially hard by power

Another industrial expansion is the number of letters of intent and licences issued by the Department of Industrial Development. A total of 1,055 letters of intent were issued in 1983, up slightly from 1,043 in 1982, 916 in 1981, 946 in 1980 and 550 in 1979. Thesa figures show

less of a response than Ministers had boped to industrial controls being relaxed in 1980 and 1982, and there was a fall-back at the beginning of this year.

The private sector complains hat the Government is restricting its expansion in two ways—by pushing it into back-ward regions and by tightening its monopoly laws.

The Industry Minister tries to persuade almost all companies to expand into one of 90 backward or no-industry areas. Mr N. D. Tiwari, Industry Minister and a senior Congress (I) politician, has a reputation for pushing industry in particular towards Uttar Pradesh. This state is important politically for Mrs Gandhi—not

least because it includes the parliamentary constituency of Amethi where her son Rajiv will defend his seat at the next general election against Maneka Gandhi, ber estranged daughter-

About 60 per cent of the total letters of intent granted in the past wo years have gone to hackward areas.

The private sector accepts the need to develop the areas. But is concerned about a lack of infrastructure facilities and about the high costs it has to bear estimated by the Federation of Indian Chambers of Commerce and Industry as 50 per cent

MAJOR FOREIGN FINANCIAL COLLABORATIONS

clude the western side of Uttar Pradesh, Haryana and Madhya Pradesh. But scarcely any companies have agreed to go to Bihar, one of the poorest atates in the country with few entrepreneurial traditions.

The monopoly laws are now being strengthened with additions to the Monopoly and Reatrictive Practices Act which is primarily aimed at curbing the accumulation of corporate power of private sector companies with the sector companies and the sector companies with the sector companies and the sector companies are sector companies and the sector companies are sector companies and the sector companies are sector companies and the sector companies are sector companies and the sector companies and t panies with assets of over \$20m, rather than dealing with monopolies of production and market share.

A new Act has tightened definitions of company groups and associates in order to catch com-Areas benefiting most from associates in order to catch com-the hackward area policy in-panies which have escaped some

No of

outside their main groups.
Companies complain that the
Act will impede their ability to
grow rapidly and say it also indicates a retrogressive attitude on the part of a Government

which up to now has set out to ease licensing restrictions. Despite the continuing prob-lems, bowever, there is a new mood in some areas of Indian industry following the changed policies of the last few years which have relaxed import and licensing controls and open doors for easier foreign technological and financial collabora-

John Elliott

Relaxation of controls improves funds inflow

Foreign investment

JAPAN has shot into top place in the league table for new foreign financial investments in India during the past two years because of its rapid moves, backed by equity stakes, into the motor

But there is no sign yet of Japan making similar in-roads into other industries. And the U.S., West Germany and UK remained during 1983 the leading three countries for overall new collaborations approved, most of which are technical, not

The total number of foreign collaborations approved in India last year was 673, np from 590 in 1982 and 390 in 1981. Of the total

from the U.S., 19 per cent from West Germany and 17 per cent from the UK.

The UK has the highest number of existing collaborations in India—1,760 at the end of last year—which is mainly a hangover from the days of the emplre. But British industry's interest in India waned in the 1960s and 1970s and the U.S. is now a close second with 1,547 and West Germany is third with West Germany is third with

The statistics show a gradually increasing interest among these countries in striking majar technical collaborations with India, More laborations with India, More companies from all the continues are also prepared to back their technical involvements with equity stakes. The total size of equity stakes however—about \$61m in 1983 including \$16m from Japan and \$14m from the U.S.—is

Value Valne \$25.11m \$16.07m \$2.25m \$5.03m \$13.89m Total of all \$61.87m

small when compared with overall industrial investment. The most dramatic increase in activity has been from Japan where, apart from more than \$350,000 invested by Mitsublahl In a viscose staple fibres plant in 1981, the bulk of the following year's figures have been ap-provals for investments by Suzuki, Mitsubishi, Toyota, Honda and Mazda in motor

Japan have expressed in-terest in increasing the stake in India and, in common with other countries, have praised the country's relaxations of industrial controls. But Japnegastral controls, but Japanese businessmen still find it an uncomfortable and uncertain place to do business and they also resent and resist India's demands for rapid hand-overs of technology and indiginisation of

production. So Japan is unlikely yet to

offer advanced electronics. but will probably move into less valuable technologies. Recent technical collaborations have included: Komatsu with Bbarat Heavy Earth Movers for diesel engines; AIWA with J. V. Electronics of New Delhi fur consumer electronics exports to Eastern Europe; Hitachi-Seiki with Walchandnagar,

and Fanue with Voltas, both of Bombay, for computer con-trolled machine tools; and

1st quarter 1984

Value

\$1.47m

Hitachi with Telco, part of the Tata group, for hydraulic Most UK equity stakes are relatively small. The largest for some years, worth, it is believed, about \$6m, was approved last year for Rank Xerox in a joint company it is setting up with India Repro-

graphic Systems, part of the Modi group. During the first three months of this year, equity investments from the U.S. totalling \$1.5m were dominated by three electronics and solar energy projects, illustrating two key growth areas. Japan's total for the three months was \$3.3m, mainly a Mazda motors link-up. The Madda motors innerip. Tha UK, at only \$270,000, was an investment by Dussek Camp-bell with the Karanataka State Industrial Development Corporation for making petroleum jelly for telephone cables.

Re-establishing links with the homeland

Non-residential Indians investing in India

"INDIANS living abroad often face a problem. They enjoy their riches and their foreign life styles but there is always an urge to re-established links with their homelaod. Few Ibough find themselves able to make a total break and come back permanently."

prompted india io lbe past two lng the years to introduce financial and Nations. other concessions aimed at per-suading Indians living abroad to suvest some of their mooey and skill that makes them con-

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Indians diving overseas who bave left their bomes in tha past 50 years. They are known in India as non-resident Indians (or NRIs). Their total wealth always sent back to their has been estimated by research organisations at anything from \$200bn to \$300bn, a rich potential source of funds for India.

Maoy of them aet up as successful traders first in East Africa and then in the Middle East and tho UK. Others work on Middle East projects or are scientists and technologists in tha U.S. space programme and tha electronics businesses of That different official, has prompted india io lbe past two large to introduce Service and the World Bank and United

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BENARES, VARANASI

Do

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and technological knowbow in the economy.

There are an estimated 3m to marry their daughters inlo a society whose values they still concessions were also intro-

always sent back to their families in India, now totalling approaching \$2bn a year, form an important part of India's balance of payments' income. But they do not usually make any further contribution to the development of India's development

Repatriable

So in the 1970s inducements were introduced to persuade non-resident Indiana to invest in special external bank accounts, so building up the country's savings. Between 1972 and 1978 some \$900m was --ested but higher competitive interest rates abroad stemmed the flow and the total rose to only \$1.3bn by 1981-82.

Then in 1982 the Government introduced special concessions aimed at attracting investment in bank deposits, company shares, and new industrial projects.

A special 2 per cent bonus on interest rates was introduced on interest rates was introduced plus tax concessions worth another 11 per cent, bringing the rate available for example on five year deposits up from 11 per cent to an internationally competitive 144 per cent.

The investments, in bank deposits, are repatriable and by deposits, are repartiable and by several states like Gujerat, figure had doubled to \$2.6bn. Maharastra, Andhra Pradesh Further increases depend on and Punjab, are making special the level of foreign interest efforts to attract non-resident

Concessions were also introduced for direct investments into shares of existing companies (called the portfolio schema) and for investments in new companies, export-oriented projects and high technology.

The portfolio schema has been hit by the battle between Mr Swraj Paul and Escorts and DCM (see separate story). It bas only brought in a little more than \$35m, the majority of which is accounted for by the Paul Investments and by other share purchasers in Reli-ance, a successful Bombay tertile-based company.

Direct investments, into new projects (where the Indians have apeclal machinery import privileges) brought in \$123m between 1982 and March this year. Projects which could bring in another \$200m are being examined by a special board set up in the Ministry of Finance last November. On top of this there is also aubstantial investment in export-based free

These investments are a small addition to India's total industrial capability. But they make a useful contribution to the total of about \$1 bn a year shares and debentures issued for in-dustry. They are also apecially valuable because they often bring in some experience of bigb technology even though a lot of the projects are only

assembly operations.

The Financial Times is proposing to publish a

MALAYSIA

on Friday August 31 1984.

Advertising copy date for this Survey is Friday, August 10, 1984.

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FINANCIALTIMES

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industrial development corpora-

Although investment in Pun-jab is hit at present by the Sikh unrest, an electronics estate called Mohali outside tha capital city of Chandigarb has attracted non-resident money and technology from the U.S. as well funds from the Middle East for assembling or produc-ing computer tages. dies design Although investment in Puning computer tapes, disc driva and computer magnetic heads, large scale integrated circuits, and colour television tubes. and colour television tubes.

These projects make up a considerable proportion of \$250m total investment in Mohall during the past two years. Another \$6m has been invested in the Punjab in about a dozen small firms, mostly in mechanical engineering.

Few of the highly qualified

Few of tha highly qualified Indians overseas agree to re-turn to live in India. The Gov-erament's Semi-Conductor com-plex in Chandigarh, mass producing the country's first micro

for top Indian technologists but

has found no takers, Distance

Thia is hardly surprising as its best paid engineers earn only \$5,000 a year, high by Pun-lab atandards but a fraction of U.S. rates,

But skills are available, albeit from a distance. A telecommuni-cations engineer in the U.S. has linked up with the Government to belp design an indigenous digital switching system. The Association of Indian Engineering Industry has a list of nearly 100 Indian research scientists and engineers in California

interested in projects.
In the financial area, indus trial houses like Tata and Birla are trying to set up offshore funds with UK partners including Warburg, the merchant bankers, to channel Indians' funds into investments. funds into investments. India's nationalised banks are also looking at the potential.

All these moves bave been encouraged by the opening up of India's economy and technological development. Because of the calibre and wealth of many of the Indians abroad, they could soon prove bighly significant, not only for the country's balance of payments, but also for modernising its industries.



Adversaries: Mr Harry Narda (left) and Mr Swraj Paul

Fierce battle for shares

FOR THE past 15 months India's industrialists have had one dominant talking point—the battle for shares being waged by Mr Swraj Paul, a UK-based indianborn businessman, in two highly successful New Delhibered companies. based companies, Escorts and DCM.

and Inc.

The talking has embraced allegations (publicly denied by Mr Paul) of black money investments and political intrigue in high places—Mr Paul is one of the closest confidents and active supporters of Mrs Indira Gandhi, the Indian Prime Minister. the Indian Prime Minister.

It has ranged over the role of state-owned financial institutions in private sector companies and the rights of family dynasties to control The two main gladiators are Mr Paul and Mr Harry Nanda, founder chairman of

Escorts. Mr Paul is a success-Escorts. Mr Pani is a successful and supremely self-confident businessman who has also been rapidly expanding his Caparo group in the UK and the Appejay Group of Calcutta which he runs with his Indian-based brothers. Mr Nauda, 67, is a stalented and proud industriatalented and proud industrialist who has built Escorts into one of India's best medium to large engineering companies with after tax profits last year of \$14m on sales of

In the wings is Mr Bharat Ram, one of two brothers who bead DCM (formerly Delhi Cloth and General Mills) which has diversified from textiles into areas such as

The story started in February last year when, allegedly to help publicise the Govern-ment's new facilities for overseas Indian investors, Mr Paul beught shares which now total \$13m in Escorts and DCM.

An immediate furere broke

ont as industrialists feared the motives of sn highly-connected a purchaser, noting that both DCM and Escorts have supported Mrs Gandhi's political opponents in the past Escorts and DCM re-fused to register the share purchases and Mr Paul's major failure throughout has been his surprising inability to persuade the Government to force registration by using the clout of the state-owned financial institutions.

Eventually at the end of last year, fearing the Government was about to act. Mr Nanda escalated the row hy taking the Reserve Bank of India to court. The govern-ment-owned Life Insurance Corporation, a major share-holder, then tried to oust all Escorts' non-executiva directors, so clearing the way for a boardroom takeover. That battle is still taking place in general meetings of Escorts and in contrroom hearings.

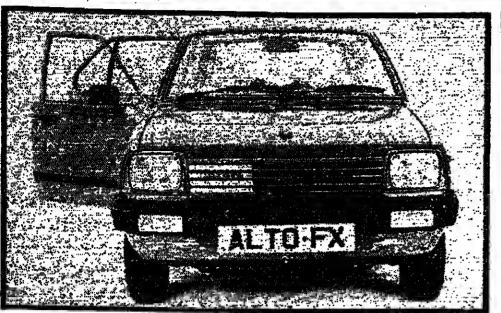
Now there are ramours that DCM (which is close to Mr Rajly Gandhi, the Prime Mini-ster's son) would like to do a peace deal. Despite denials, it is clear behind-the-scenes moves are in progress. The Government wants to clear up the matter before next winter's general electian.
The two issues which have

emerged during the row still have to be resolved. The first is the role government-owned financial institutions should play when, because of loan conversions and share pur-chases, they own more than 40 per cent of the shares in an Indian company. The second is the control-ling right of founding families,

whose shareholdings have often become very small because of large borrowings made for rapid expansion—the Nandas' holding was as low as 6 per cent, although they say they now count on 18 per cent for support. No one is challenging these families in general but the one is challenging families in general but tha current row will eventually be seen as a watershed. Usually the institutions stay in the background and they are anxious now to stress that they do not intend to make

they do not intend to make a practice of staging boardroom coups. But India's entrepreneurs are fearful. Many have organised themselves groups of supporting shareholders and they are also examining their financing of new investments to try to new investments to try to minimise control by financial institutions. That could slow down investment decisions, albeit maybe only tem-

porarily. The Government is likely at the end of the year to intro-duce India's first comprehensive takeover and merger code to try to regularise the battlefield, as India's industry grows into a state where takeevers will become more



The Suznki 800: vanguard of the first modernisation and expansion of the Indian motor

Japanese play leading role in modernisation

Motors

SLEEK AND shiny 800cc Suzuki cars have started eppearing on the roads of Indian cities in the past few months. They contrast sharply with the lumbering saloon cars designed in the 1950s that fill the chaotically crowded streets along with bullock carts, scruffy three-wheel scooter rickshaws, and erratically driven, dented buses and lorries.

The Suzuki model is the van-

guard of the first modernisation and expansion of the Indian motor industry for 30 years. Its maker is the first of a long list of Japanese antomotive companies which are dominating the transformation of what was a European-based industry. Until last December when the Suzuki was launched, tha only cars produced in India were the Hindustan Ambassador, based on the Morris Oxford of the 1950s, and the Premier Padmini based on tha Fiat 1100 of the same period. The breakthrough came two years ago when, after a decade of delay, the Government of delay, the Government decided that its dormant Maruti company should enter into a

technical and financial colla-boration with Suzuki of Japan

Tha Govarnment's target in 1982 was for the annual output of all vehicles to rise from 600,000 to 2.5m by 1989-90. This is likely to be raised in India's 1985-90 five-year plan following report now being prepared for the Ministry of Heavy Industry.

Maruti went into production 124 body from Seat of Spain. mainly using imported com-ponents last November. Competition is now under way to supply it and tha other Japanese newcomers with com-ponents as they try to meet tough Government targets for companies are taking an equity almost complete indigenisation stake of at least 26 per cent,

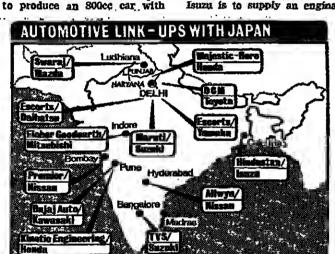
almost complete indigenisation within five years.

Already Maruti is having problems persuading Suzuki to accept components such as windows with distortions in the glass which, although of a much higher quality than is usual in India, do not meet exacting Japanese standards. Soma Indian companies are linking up with Japanese component manufacturers in order to gain know-how on technology and quality.

stake of at least 26 per cent, which gives them a decisive voice in Indian company law over decisions. From the Indian point of view, the staka also incentive to belp the companies develop profitably along the path of indigenisation.

Soma Indian companies are linking up with Japanese component manufacturers in order to gain know-how on technology and quality.

nology and quality, Link-ups hava also been arranged for about a dozen other projects with Japanese anto companies which rushed to India in the wake of the Maruti deal two years ago to find themselves collaborators. Isuzu is to supply an engina



part of the Birla family of com-panies, also includes developpanies, also includes developing eight-ton diesel trucks and
buses. This will provide fresh
competition in a market dominated by Telco, part of the Tata
group and based on Mercedes
technology, and Ashok Leyland,
part-owned by BL of tha UK.
Some gains have been made
securopean manufacturers BL.

Tie-ups bave been arranged

by Toyota, Nissan, Mitsubishi and Mazda for light commercial vehicles and by Suzuki, Honda, Yamaha and Kawasaki for two-wbeelers, Most of the Japanese

by European manufacturers, BL is to ship its Rover 2000 producis to ship its Rover 2000 produc-tion line later this year to Mad-ras where Standard Motors, which used to make Triumph cars and now produces vans, is to enter the highly lucrative and so far totally untapped top end of tha car market. Another British car, the Dolphin based on the fibreglass Reliant Kitten, is being produced in small quanis being produced in small quantities in Bangalore.

Piaggio of Italy, which is now locked in a U.S. law suit with Bajaj Auto, its old Indian col-laborator, is to produce its Vespa scooters with two new

But these are marginal activi-ties, compared with the successful two-year onslaught by Japan-ese companies.

J. E.

Power cuts hit output

Aluminium

BARRING EXCEPTIONS such BARRING EXCEPTIONS such as oil, steel and perhaps coal, few Indian industries have received in recent years as massive a dose of investment as aluminium. The figure is in the process of being trebled in a matter of just four to five years from U.S.\$1bn to \$3bn and substantial outlays have also been made on ancillary and downstream facilities.

Tha buge alumina-aluminium complex that is going np in the eastern coast of the country in collaboration with the French firm of Pechiny alone represents an investment of \$2bn.

As Indian planta go, this project is of truly gigantic proportions, the major components being a 2.4m tonne per annum bauxine mine in Koraput district of Orissa state, an 800,000 tonnes per year alumina plant in the same region, and a smelter about 100 kilometres away from the alumina plant with a 218,000 tonnes annual capacity of primary aluminium, the largest to be built so far. On top of this necessary infrastructural facilities, in-

pany, the oldest and now the 235,000 tonnes, and an import second largest private producers, has Alcan of Canada as the foreign principal while the medium sized 25,000 tonne medium sized 25,000 tonne medium sized 25,000 tonne alectrolytic grades that are essential to the country's fast-growing electrical industry. Many people in the industry, has the collaboration of Aluminoa Italia. Major international groups are also involved in a number of other partnerships with Indian producers.

These include Kaiser

These include Kaiser When the French-aided alu-Aluminium of the U.S. which minum complex (being run has an equity stake of 26.7 per cent in Hindustan Aluminium. For the east coast scheme India bas raised a Eurocurrency loan of \$680m over and above a French credit of \$400m and together these will finance two-thirds of the cost.

Attraction

With major schemes of this sort adding to capacity, India bas ambitions to become a substantial exporter in a few years' time, though at present the country continues to be a

under the corporate nama of National Aluminium Company) goes on stream in 1986-87, some 218,000 tonnea of new alumi-uium capacity will be available. Since It will then bave adequate captive power facilities, e high degree of capacity ntilisation can be expected. With the rate of growth in the internal consumption likely to be only around 5 per cent at present as against a world average of A big attraction for foreign investors is India's bauxite reserves which are estimated at 2.5bn tonnes (roughly 8 per cent, India will have to enler tha export market in a big way, but success will depend on how efficient by international standards tha industry coast. becomes. Energy costs as a percentage of total manufactur ing expenses ara much higher than the world everage, and the industry's other input costs bave

infrastructural facilities, including power and railway communications are also being put in.

Further investment in that industry may soon be made if the Russians, who have already prepared a feasibility report on developing another big bauxite mine near Visakhapatham with a capacity of 2.3m tonnes linked to a 600.000 tonnes per year alumina plant, accept the collaboration terms already offered.

The Indian aluminium industry has been developed with the active involvement of some of the world's major producers. The Indian Aluminium Communications are also being put in the country continues to be a met importer. India already has enough installed capacity to meet her installed capacity to meet her installed capacity of a chronic power as a result of a chronic power and capacity of 100,000 tonnes and set up with Hungarian and Russian collaboration in Central India. These two together accounting for some 60 per cent of the total installed capacity. New problem.

The Indian Aluminium Communications are also being put importer.

India already has enough is a capacity of a chronic power and requirementa in full. Howover, smelters bave been idled as a result of a chronic power and requirementa in full. Howover, smelters bave been idled as a result of a chronic power and trailled capacity to meet her input costs bave also been rising pretty rapldly.

The situation may change now that the government itself is a major producer. Apart from National Aluminium, it also owns Bharat Aluminium, it also owns Bharat Aluminium in sat led capacity of 100,000 tonnes and set up with Hungarian and Russian collaboration in Central India. These two together accounting for some 60 per cent of the total installed capacity. New Delhi is as a result likely to be more concerned about the industry's financial health and efficiency standards, private producers feel.

P. C. Mahanti

Electronics

Consumer boom sweeps country



Colour TV assembly at Western TV of Delhi. The Government's approach has been in huild-up demand for sets, then to encourage manufacture.

design.
"If we need something and there is a gap here, then let us first get a foreign collaborator in and then develop our own technology ourselves," says Dr P. P. Gupta, who bas heen Secretary of the Electrooics Department of the Electronics Department for the past three years, but was last month switched 10 oc chairman of government-owned Computer Maintenance Corpora-tion. He was explaining wby the Government is huilding twn telecommunications digital switching factories with CIT-Alcatel of France and also start-ing to develop its own next

The satellite has also boosted a government plan to bring television to 70 per cent of tha population by the end of this year. This will enable Mrs Indira Gandhi, the Prime Minister, to star next winter in the generation of switching with the help of Indian telecommunications engineers who live in the U.S. country's first general election beavily infinenced by television. India's position as a leading developing country bas per-meated its liberalised elec-But at present much of the meated its interaction determines policy which was introduced last August and was leavily influenced by Mr Rajiv Gandhi, son of the Prime Minister. "We can by 1990 be a competitive electronics country generally. But we should also be the leader in quality of life. electronic equipment is im-ported. Much of the rest is only assembled in India because

assembled in India because there is little original research, development and manufactur-ing outside established fields such as defence. be the leader in quality of life applications on social areas like The Government's policyillustrated in its approach to television sets—is to build up demand for certain products, health and education," says Dr

to meet your

requirements.

the supplier:

competence,

3) By arranging

4) By assisting in

disputes.

New Delhi.

joint ventures.

5) By helping to

2) By providing

technical

casette recorders, calculators and other electronic gadgets have mushroomed in the bazzars of Indla's major cities during the past two years. They are part of a consumer boom that

has swept the country, hoosted

by relaxed import controls and

by black market goods that are advertised and sold openly.

Imported video players, in particular, bave become a middle-class status symbol (and

a catalyst for a porno movie boom) as well as a form of entertainment on long distance

Along with television sets and

digital watches, they are not just a symbol of changing life

styles for some of the 52 per cent of India's population who

They are also part of an elec-tronics revolution which is moving across India. Banks are

moving across India, Banks are switching from written ledgers to computer controls. Railway bookings are to be computerised. And the National Thermal Power Corporation will about no longer have to communicate with its power station construction sites by morse code.

In the last few months it has become assier often to telephone Calcutta and Bombay (or the UK and Japan) from New Delhi

than It is to make a call within the capital itself. Microwave links and communications through India's Insat-lb satellite launched last September have improved the long-distance telephone service.

live above the poverty line.

manufacture and indigenous a leader in software hecause of the country's low labour costs and its people's "innate aptitude ware doubled between 1980-81 and 1982-83 to \$20m, and the target for 1986-87 is \$100m, a significant achievement, but far less than the country could manage, given its wealth of sultable

> manpower.
>
> Overall electronics production
> In India is to grow from \$1.3bn
> last year to \$10bn by the end of
> the coming 1985-90 five-year
> plan, according to Electronic plan, according to Electronic Department proposals. This would require an estimated investment of \$2bn over the fiva years, with an increasing amount of nrivate sectur and possibly foreign involvement. In addition the Ministry of Communication is asking the Plan-ning Commission for a five-year investment budget for telecom-munications of \$12.5bn, five times the size of the 1980-85

The industry is dominated by the industry is dominated by the public sector and by central-ised government planning and controls, albelt with gradual liberalisation. Some stete governments, such as the Punjab, have started joint private-public Gupta.

He also wants India to become sector venture in what India

calls its joint sector. The states' industrial corporations are be-coming significant electronics manufacturers with names such as Keltron, Meltron, and Uptron from the states of Kerala, Maharashtra and Ullar Pradesh.

There has elso been a progressive opening up of some areas to the private sector. For example lelecommunications swilching and transmission equipment can now be made in the joint sector with a maximum of 49 per cent private sec-tor holdings. Subscriber equip-ment such as lelephone handsets can be made wbolly in the private sector.

Foreign knowhow is also being obtained for developing a new mainframe computer through a lechnical coltabora-tion (for which Bull of France and Control Data of the U.S. have been the front runners). Major rompuler manufacturers are competing for other large nrders. The micro computer industry has developed rapidly in the past three years and is being pushed to develop its own indigenous technology. But both Acorn and Sinciair of the UK are likely to become involved in specialised areas.

The country's first mass-production microchlp factory, costing \$50m, has started pro-duction at Chandigarb on the duction at Chandigarb on the edge of the Punjab, largely with U.S. technology from American Micro Systems and Rockwell. A \$90m National Siliron Facility is being developed with technology from Dow Chemical of the U.S. Other U.S. technology is also being made avallable in small packages for joint ventures by ages for joint ventures by Indian electronics engineers living in the U.S.

Some critics suggest that India is trying to do too much too fest. They say that it is substituting electronics factories for massive steelworks as the badge of success that any developing country must display. For India, bowever, despite its dominant problems of poverty and industrial inefficiency, electronics provides an aid for development and an area in which the country can area in which the country can leap forward several techno-logical generations.

John Elliott

Spreading the benefits

WAYS OF using electronics to help develop educational, agricultural and medical ser-vices in Indian villages are being studied by the Department of Electronics in New

Provisionally the department wants to earmark \$500m tn \$700m dnring 1985-90 nn wbat it calls social electronics. what it calls social electronics.
The project is being encourage dby Mrs Indira Gandhi, Prime Minister, and her son Rajiv. The object is to find ways of enabling the vast majority of india's 700m population who live in rural areas to benefit from the electronics revolution new taking tronics revolution now taking place in the country.

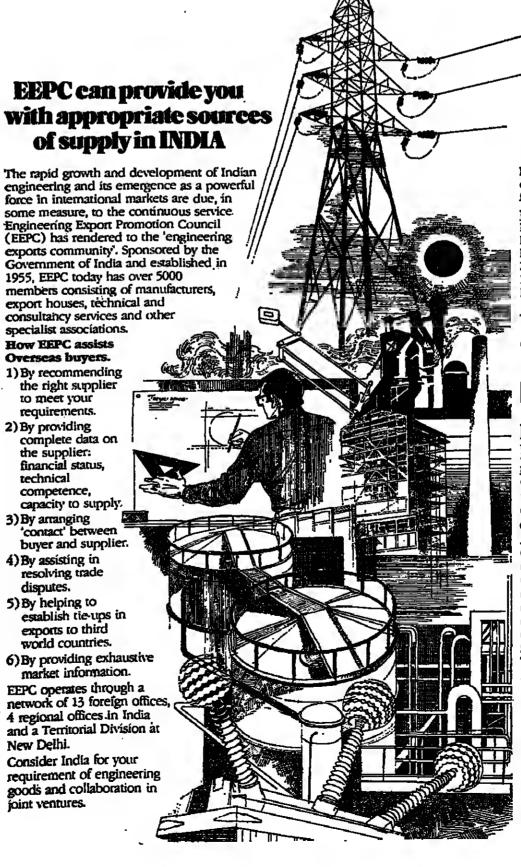
The edocational project is already under way, with assistance and advice from the British Department of Industry's micros in schools programme. Arrangements are being discussed to import computers, conliguent and software from Acorn of the UK for a \$3m pilot project in 250 schools.

Although less than half the schools in some indian states beve blackboards, the Department believes it essential to spread rompoler literacy quickly and wants to instal equipment in 250,000 schools by 1990,

Ideas being considered include: a basic electronic intrument lo measure and record a mother and child's temperature after childhirth; gadgets to control solar energy for powering low tem-perature serum storage; a small hard-to-damage compater data entry and storage system for village medical information; and audio visual aids for training doctors and

J. E.

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FEP-5090

On this and the facing page, Ian Hargreaves looks at the country's efforts to maximise potential in the oil, coal and electric power sectors

Go-ahead given for vast increase in exploration onshore and offshore

Oil and gas

Malhotra, sitting in his office overlooking the Bomhay water-front, "keep asking me when I am going to find another Bom-bay High. I tell you, I've al ready found one, but the journalists haven't noticed."

What Dr Malhotra, bead of offshore work for the atateowned Oil and Natural Gas Commission, means is that when, 10 years ago, ONGC first atruck oil in the Bombay High field, peak output was forecast at 240 barrels a day Currently, the field is pumping very nearly

Thanks to Bombay High, India's oil production rose by 24 per cent lest year to almoat 26m tonnes (109m barrels)—meeting 65 per cent of the country's oil requirements. 70 per cent is on the cards for this year and "self-sufficiency by 1990" has become the Energy Minister's

Actually, with oil demand in the next few years expected to rise et an annual rate of 6 per cent—it rose 4 per cent even in the depressed conditions of last year — Indian oilmen and even government officials do not take self-sufficiency targets all that seriously

But Dr Malhotra does think that his misunderstood oil field, which consists of 500 structures, of which ONGC has drilled 75 and produced oil from 10, is etill not at plateeu. But with 51 platforms installed and water injection already being used to North Sea. maintain pressure, some others in the industry are inclined to scepticism on this point.

The important thing for India, bowever, apart from the boost to the trade balance pro-vided by oil, is that oil fever is foreign participation should be in the air. The Government has encouraged, sanctioned e massive increase So far es e in exploration, both on and off-

much as \$28bn in the seventh Delhi. But policy is changing plan period (1985-90), drilling an estonishing total of 2,627 wells in that time, 868 of them for exploration. ONGC's expenditure this year, at \$2.5bn, is the reserves "Journalists," says Dr A. K. up 39 per cent. Meanwhile the abore fields. Burmah Oil company which is now atate owned, plans to double its exploration pro-gramme, having spread its wings from its traditional terri-tories in Assam and Gujarat to

earch for oil off the east coast Independent assessment of India's oil potential is not easy, since the data is closely beld by a small number of government agencies

Dr Malhotra's view is that India bas 13 sedimentary basins of interest to oilmen, of which three—the Cambay basin in Gujarat, the nearby Bombay offsbore basin, and the upper Assam shelf—are the only com-Assam social producers et present.
Extensive drilling is also
planned for the Mahanadi Basin
which straddles on and offshore cones south of Calcutta and tha Godavari basin, e buge area stretching out into the Bay of Bengal north of Madras.

Tight definition

ONGC's geologists put total reserves et 15bn tons of oil and oil equivalent of gas, of which known geological reserves are 3.4bn end recoverable reserves 900m tons. International esti-mates, however, using a tighter definition, put proven reserves et ebout 370m tonnes, ebout e third of Britain's, India's oil production last year was ebont quarter of that from the UK Rising production has how-

ever, sparked off an intense debate ebout bow India should manage its oil programme, both in terms of domestic energy policy and the extent to which

So far es energy policy is con-cerned, the Government has not allowed domestic oil production Colonel S. P. Wahl, chairman to change its pricing policy—of ONGC, speaks of spending as petrol costs £1.76 2 gallon in

FINANCIAL TIMES CONFERENCES

World Aerospace:

Aerospace after the Recession

A date for your diary - our three-day Aerospace Conference, just before the Farnborough International Air Show. The Financial Times

With the Western world moving out of the economic recession, the

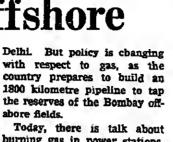
hopes and signs are for a resurgence in civil aviation, a continued heavy demand for military aircraft and satellites and spacecraft

of all kinds. This 1984 meeting will survey these fields with the

emphasis on policy with addresses from leading figures in the

is following previous successful conferences with this major

meeting in London on 28, 29 & 30 August.



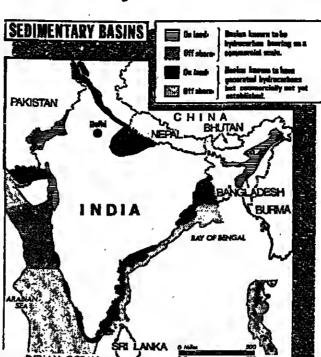
burning gas in power stations, as well as developing its traditional role as a feedstock for the fertiliser industry. Measures are also in hand to make more effective use of the country's liquid petroleum gas resources by improving marketing and storage. Demand for LPG as a bottled cooking fuel is running far ahead of supply, even though e good deal of gas in both onshore and offshore fields is being flared because of lack of transport fecilities.

Through all aspects of its energy policy, bowever, India continues to emphasise self-sufficiency Upstream, the Government has made only spasmodic, some would say balf-hearted, attempts to involve the big oil companies in exploration and production, baving run licensing rounds in 1981 and

In the first round 35 companies were sbortlisted, but all ended up bidding for the same block 200 km north west of Bombay High.

Chevron was eventually warded the licence and committed \$29m for e three well programme. Having drilled the largest and most promising structure without any success, Chevron does not appear optimistic. The smaller structures it will drill next are unlikely to contain the 50m harrels recovereble it would need for the pro-ject to make economic sense. If the company finds gas, the position is even worse, since the terms of the licence state that any gas find would be subject to further negotiation with the

India's second round, in which the tax terms were slightly less onerous than the first, but which still allowed ONGC to move to take e 50 a gas corporation to run the per cent share in any find and denied the foreign company any High field to inland markets.



right to lift oil for itself, was a complete flop. Some senior figures in the

oil industry suggest that e third round could be held later this year, as the Government comes to grips with the fact that it lacks the investment power to go on bearing the cost of the exploration programma itself. But there is no sign that the oil multinationals' requirement for equity oil will be met, although it may be the Government would content itself with less rigid work programmes than the

Inefficiencies

Downstream, the objective is rapidly to expand the country's reflening system to meet all domestic demand, which last year totalled 35.63m tonnes of oil products, 57 per cent of

ere middle distillates. since Indian oil consumption is dominated by diesel for trains and trucks and kerosene for

Officially, India's installed annual refining capacity is 37.8m tonnes, but shortage of crack-ing facilities and inefficiencies in operation require the country to import almost 5m tonnes a year of product, half of it from the Soviet Union. Under the seventh plan, refining capacity should rise to 45m tonnes.

As crackers are installed to handle the light crudes pro-duced in India's oilfields, there will also be less need to trade cruda oil. Currently, India is importing 15m tonnes a year of crude, 3.5m tonnes from the

For some suppliers, this

platform contracts and other public sector shipyards have also started to diversify into offshore work. In the last year alone. ONGC has ordered 33 three jack-up rigs, over 20 plat-forms and two service vessels.

The Government's policy is to channel as much of this work as possible to Indian companies and where technology is not available, to persuade foreign companies to form joint

"The opportunities are immense," says Mr V K. Beri, the departing chairman of Engineers India, the state-owned consultant which advises ONGC on its suppliers and has \$7bn of projects on its books. "Which other country is spending this kind of money?"

So far, however, the partner-ship's policy has bad kimited impect. Although there is plenty of talk in Bombay, Delhi and Calcutta about who is talking to whom about joint ventures, few foreigners have yet taken the plunge. Mean-while Mr Beri estimetes that the Indian share by value of supplies to the oil and gas tor is no more than 20 to 40 per cent

The big successes among the The big successes among the foreigners in winning contracts heve gone to Korea Hyundai and Korean Heavy Industries, the Japanese, French, Germans end Italians. The U.S. has e strong presence, as it always does in the oil business, but many U.S. suppliers run their Indian ectivities out of Indian ectivities ont Singapore or even Dubai order to improve their ebility to export profits.

Of the mooted collaborations, one of the more interesting is between the leading U.S. oil engineer McDermott and the Calcutta-based Burns Standard,

ditions. Mazagon Dock, the The two have jointly bid for stete-owned shipyard in Bom-ONGC next big platform order, hay, is choca-bloc with oil for the South Bassein gas field -a tender which has been reopened three times in an indication of what suppliers see of excessive government bureausupply boets, two drillships, cracy in the affairs of the otherwise briskly managed ONGC.

The Government will have to decide whether Burns Standard's lack of experience in building rigs is made up for by the political appeal of launch-ing another state shippard into oil business

Another area where specific efforts are being made to in-volve newcomers, both Indian private sector and foreign, is in drilling, where both ONGC and OIL are interested in letand Oil are interested in let-ting contracts. Talks are also said to be under way for joint ventures in oil mud manufac-ture, well-head equipment, semi-submersibles and valves.

Incentive

As an added incentive, the Government recently an-nounced that Indian bidders for oil and gas contracts would re-ceive price preference of up to ceive price preference of up to 15 per cent, scaled eccording to the degree of value-added on Indian soil. Even some Indian angineering and supply companies, bowever, have ergued that the policy will not work since the cost of many items of hardware is too great in India. A special oil industry subdivision of the country's engineering association bas been formed, designed to impress upon Government the need to ensure that private sector Indian suppliers both get sector Indian suppliers both get fair consideration in tenders and are not so heavily shackled with buy-Indian requirements to make their efforts unprofit

succeed, still has some persuading to do. As the head of one Bombay company which has been fairly beavily involved in offsbore work puts it. "I don't really eee what's in it for us. It's not a long-term business, and in fact I'm looking to diversify outside oil." sify outside oll.

It was a similar mentality which kept so many British companies from North Se work in the early 1970s, beacus they thought the oil would be declining within a decade.

As it happens, the British companies were wrong and many of them missed a boat which is still steaming ahead with some force. The thing about oil is that you never really

From cow dung to

Alternative energy

IF INDIA follows the naveral path of development, just as surely as its labour force win move from farming into industry, so its energy needs will be expressed in terms of oil, gas, electricity and coal rather than traditional fuels, such as firewood and care dung.

The process has already gone a long way. Thirty years age, so-called non-con cial sources of energy ne counted for over two thirds of India's needs. Today, the figure is under 40 per cent.

And even some of the sur -neadly sources have become less an Firewood has for a long time been traded on the pavements of the cities. These days, even cow dung cakes, hung to dry on walls and looking like oversized hamburgers, can be bought in the middle of cities like Calcutta.

But for a country like India. which has always been in two minds about industrialisation there is also a strong desire among energy planners to stem this process of commercialisation and to produce energy solutions at the family and community level.

The goal is not new-Mahatma Gandhi was an advocate of bieggs plants-but to day India has an impressive superstructure of agencles and advocacy for these decentral ised solutions. Since 1982, there has even been a special section of the Energy Ministry, the Department of Nonconventional Energy Sources

Its head is Mr Maheshwar Dayal, a nuclear scientist who ran India's first commercial atomic power station at Tarapur, but who in recent years has been best known for his work at the UN.

Mr Daval sees his role as doing for renewables what sion did for nuclear power, although he acknowledges that the administrative task of achieving solutions in thousands of villages among poor and uneducated people involves an entirely different

practical approach. Indeed, one of the main difficulties the department has encountered in its promotion of hiogas, which remains much the most significant of much the mest againcant of the small-scale renewable technologies in India, has been to find ways at the vil-lage level for people to co-operate to build and operate plants. At present most blogas plants are family-based, which is fine for better-off families which have sufficient numbers which have sufficient numbers of cattle to provide raw meaerials, but offers no solution to the millions of landless

There are at present about 200,000 family-owned blogas plants in India. The aim is to try to add a further 100,000 in the course of this year.

Another major thrust of the village-level renewable policy is to persuade women to use more efficient wood-burning stoves or chulhas. Deforesta-

India ought also to be a natural home for solar technology and a good deal of the R and D effort of the renewable sector is going into solar veltaics. The potential for solor crop dryers and solar irrigation pumping systems is considered particularly promising.

Helped by government subsidies, there has been a sharp increase in sales of solar cookers, most of them manufactured in the private sector. About 20,000 are expected to be sold this year, even though the designers have not yet solved one crucial problem: how to produce sufficient heat to cook a chapati.

By the end of the century, Mr Dayal thinks India could be deriving almost half its energy from renewable sources, of which about 21 per cent would come from the newer forms such as solar, wind and biomass and the balance from the well-developed sources of wood and hydro-power,

He would also like to think that India could take a lead in the technology of renewables the technology of renewables and is devoting a lot of effort to that end. "But even in these areas," be says, "we find that the Americans and the west in general have a buge lead, because of the money they spend on military programmes which have programmes which energy spin-offs."

Who's who in oil and gas Pre-tax profits in 1981-82; 1982-83 pre-tax profits of Rs Rs 11.8bn on sales of Rs 24bn. 2.2bn on sales of Rs 3.5bn.

Oil and Natural Gas Commission: the main state corpor-ation, responsible for exploration end production of oil and gas both on and offshore, Currently in the midst of re-organis-ction to reduce management dis-tinction between onshore and

Chairman Colonel S. P. Wahl. ONGC is the Indian public sector's higgest profit earner.

Oli India: former Burmah Oil subsidiary, nationalised in phases between 1961 and 1981. Traditionally an onshore company, with its main production base in Assam, Oil India has recently joined the offshore

Cha'rman: Mr C. R. Jagannathan.

Indian Oil Corporation; the responsible for about 60 pe of the country's refining and marketing. State-owned, recorded pre-tax

profits of Rs 1.5hm sales of Rs 87.8hm in 1982-83. Chairman: Mr A. J. Teuro.

Mining gets a move

Coal

"IN Mr Guiral, we have found our Ian MacGregor," says ona Government official. "He will optimise our use of coal re-

For a man who has been in office for less than a year as chairman of Coal India, one of the country's largest and his-

the country's largest and historically most troubled public sector companies, Mr M. S. Gurral is becoming accustomed to such plaudits.

The 60-year-old Sikh, former bead of the state railway company, is widely considered to be a one-term two-year eppointment. Certainly be is behaving like a man with no time to spare.

"The two challenges," he says, "are the men and the machines. The problem of men, is the easier of the two. To change machines requires a long gestation period." Just how much Mr Guiral has in reality changed the 655,000

people under his command will remain a matter of debate for some time to come, but be bas certainly indulged in a series of acts of managerial showmanship designed to stiffen manage-ment resolve and restore discipline in a strike-happy and often corrupt industry.

His major coup, although at the time it must have seemed a high-stakes gamble, was to use an old law dating beck to the British occupation to declare that those taking part in e one-day "wildcat" strike would lose nine days' pay.

He went from thet ection,

taken in his most profitable operating company, Central operating company, Central Coalfields, to tackle the notorious mafia in Dhanbad. Bihar, which bas made a living for years on bisck market coal, cartelised subcontracting an average of R183 a tonne. Productivity, too, in the underground mines is static at contracting to the contraction of the country of th cartelised subcontracting and even illegal mining In e now famous showdown, Gujral invoked his eight days loss of pay clause; the mafia

leader threatened to cut the hands off any clerk who pro-cessed the deduction and as the euthorities and public opinion moved his way, Gujral won.

Mr Gujral, bowever, remains judiciously cautious about whether be bas won e battle or a war against the mafa, but His approach to the

nationalisation in 1975. As one would expect, such claims do not tell the whole story. Profitability is, essentially, a function of the price of coal. The price was raised by 25 per cent in January, to an average of R183 a tonne.

tonnes per manshift—an impor-tant development since the emphasis in Indian mining will be increasingly upon opencest in the year ahead. Officially figures also show from the effect of absenteeism on production has also continued to get worse rather than better. causing e loss of output which will require higher exports. Coal quality is far from adequate, since only coking coal is washed—and power Still, with e recent three-year

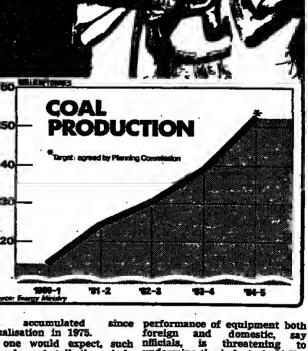
wbether be bas won e battle or a war against the mafia, but on other themes, he is hullish about the future of the vast organisation he now heads.

Production is planned to rise in 1984-5 from 121.5m tonnes to 131m tounes. "We have already, two months into the year, produced 4m tonnes of the 9.5m tonnes extra," he says. Absenteaism, he claims, is falling, productivity is rising and within three years he in tends to pay off the \$\$41m gramme. Concern about under
opportunity to move forward.

His approach to the machinery problem has been stations make do with coal thet is not even always crushed properly. Transport, Mr Gujral's old field, will also remain a beadache as demand without the propertion is planned to buy eny piece of the sequipment, not even a chisel, without e performance guarante without e performance guarante guarantee."

There is also no doubt thet they cannot meet all its needs this year.

"Gujral is doing e good job," says one supplier, "but you don't need one superman to run Coal India. You need a coule of hundred."



e year investment programme. So far, India's switch to mechanised underground coal-

mechanised underground coal-mining has been as madden-ingly slow as its ability to bring new mining projects on stream. For the moment, however, there is a note of optimism. Production is rising again,

Production is rising again, demand is being met in most parts of the country and spirits, certainly in the Calcutta beadquarters of Coal India are

Innumerable problems remain, of course One of the country's main coking coal areas

is in a state of ruin, with fires hurning in abandoned shafts,

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Share of Current Capacity

Nuclear

Massive investment planned

Electricity

fas

14.46 G. 17.

SO FAR as India's long-SU FAR as inners long-suffering electricity consumers are concerned, 1983-84 has not been a good year. Industry in several parts of India has gone without power for stretches of days; Calcutta has just sweated through its worst black-outs for years, and even pampered Delhi. whose citizens consume five times as much power per capita as those of Bihar, has suffered

india's installed power capacity actually delivers etectricity, confirms tha story. It fell from power without which its industrial strategy is hollow and even low of 40 per cent by Septamber, gradually recovering since then, but still wall short of international standards.

Behind the scenes have

Behind the scenes, however, not all the news was bad. Although the sixth plan period, Although the sixth plan period, which ends next March, will see the power sector fall almost 5,000 Mw short of its goal of almost 20,000 Mw of new capacity, there was a distinct pick-up in the building programme in 1938-84. The 4,100 Mw added during that year is a record and provides some hope that the even more ambitions targets being conceived for the seventh plan might be operationally served for the country's power stotions ware huilt and run by the country's state electricity beared, at poor performance led to the country served for the country's state electricity beared, at the country's state electricity beared to the period.

The chances of India succeed. The Mail of the Country's state electricity beared to the country's state electricity beared. The chances of India succeed. The mail of the country's state electricity beared to the country's state electricity beared. The chances of India succeed. The mail of the country's state electricity beared to the country's state electricity beared. The chances of India succeed. The mail of the country's state electricity beared to the country's power, at the country's state electricity beared. The chances of India succeed. The mail of the country's state electricity beared to the country's state electricity beared to the country's state electricity beared to the country's state electricity beared. The chances of India succeed. The mail of the country's state electricity beared to the country's state electricity beared. The chances of India succeed. The mail of the country's state elec

several months away from com- sation, divided between centre pletion, the power sector and state, permit them to be working group has recom-spent as intended? mended that by 1990 an addi-tional 30,000 Mw be added to city board engineers now suffithe existing system of 40,000 Mw at a cost of \$67bn. The such o large amount of extra official forecasts put electricity equipment? official forecasts put electricity demand at 280,000 terrawatt hours by 1990, almost double from major technical faults? today's 150,000 Twh, implying 5—Can coal of accepta that a considerable improve-quality and in required voluments. ment in the efficiency of exist-ing plant will also be needed if

the targets are to be met. If it bappens, this will be one The most widely quoted barometer of power industry efficiency, plant load factor, which shows what proportion of India; installed power capacity delivers electricity to the task of providing that

It is not often realised that by far the biggest growth in electricity demand in recent years has come from Indian

4-Will the equipment be free

5—Can coal of acceptabla quality and in required volumes be transported to the thermal power stations?

6-Can construction times be kept under control, especially in the case of hydro schemes which involve tricky inter-state landuse issues? The answer to the first ques-tion is unknowable, depending

upon India's overall economic Organisation is a question of infinita complexity, turning as it does on the requirement of tha constitution that electric power be a motter for concurrent interest of both state and centre.

Although the seventh plan is able, will the industry's organieveral months away from comsation, divided between centre
both these organisations are
counted a success in India, but
the central generating corporations still account for only about 16 per cent of installed capacity. A high-level committee in 1980 suggested this proportion should be steadily raised to 45 per cent, but many states, Jegious of their antonomy, are far from happy about this.

The centre, meanwhile, con-tinues to reflect upon other ways of ensuring that money allocated to the states is spent as intended upon approved projects. One idea being mooted is to set up o power dsvelopment finance organisation, which would in effect remove power from the horse-trading of the state budgets, while leaving the states in charge of power development and opera-

power development and opera-tion.

In terms of the system's operation, it is vital that further progress is made in centre-state relations since the large blocks of power now being generated by bodies like NTPC require both a strong grid, which is lacking in many parts of the country, and a high parts of the country, and a high degree of co-operation in load management between neigh-bouring states to optimise out-put and costs.

Although the mechanism for load-sharing through five regional electricity bodies has existed since the 1960s, these regional bodies are widely felt to lack the anthority to deal with the highly charged politics

of the state electricity boards.

Just how all of this will be Government officials insist that they are not aiming for a centralised, British-style system, which would probably be unworkable anyway in a country the size of India. Mean-while NTPC struggles with the daily problems of load management and negotiations for a uniform system of tariffs.

Question number threetraining—also involves specula-tion, but there is no doubt that India does have a solid core of young, well-trained engineers, NTPC bas strong lioks with the UK electricity supply industry on training through British Electricity International. It is also noteworthy that 44 per cent of the corporation's executives are aged below 30.

Headache

Technical faults in equipment are also essentially unpredictable, but much good cheer has been derived from the performance of 500 Mw units built recently by the domestic supplier, BHEL, for NTPC, although some of BHEL's 210 Mw sets, built to a modi-fied Russian design and the workhorse of the system, bave caused major problems in the last year and have probably been the biggest single reason for the poor ovarall efficiency level of the industry.

Domestic coal is a perpetual headache for the power sector, both because of its poor thermal properties, its high ash content (np to 45 per cent, compared with up to 15 per cent for British coal) and the logistical difficulties caused by the location of coal mines.

One solution to the latter head power stations, but even this creates difficulties with water-availability for cooling and adds to the scale of transmission problems.

The apparently obvious solution of treating coal at the pit hydro head to remove asb has been in the rejected because too much combustibla material would he lost. Meanwhile some power stations bave taken the matter into their own bands by hand-picking coal as it arrives for obvious impurities, such as boulders and even, in one case, a dead bullock.

In a programme on the Indian scale construction deadlines are bound to present difficulties, as NTPC has already published lts own corporate plan to the year 2006, which projects its many developed countries have found. NHPC, which came into existence primarily to pick up behind-schedule schemes from own capacity at 27,920 Mw by that date. It expects 42 per cent of the investment needed to come from internal resources, behind-schedule schemes from the states, faces the biggest challenges in this respect, but remote thermal sites are also hard to manage. In this sphere,

Generating Capacity

MOUSTRY TARGETS NOT VET

80-

The source of the remainder of these funds will have a major bearing both on the financial fcasibility of the plan and the extent to which foreign comat teast, the Indian industry will bave the satisfaction of seeextent to which foreign com-panies can expect to win majer-projects. Of NTPC's \$3.6bn investment programme to date, over 30 per cent in World Bank money and a further 16-17 per cent bilateral funds from the UK, the Soviet Union and West ing foreigners struggle as well, since the Soviet Union, the UK. Canado, and Germany oll have major projects under way. What could emerge from all this effort, according to draft Germany.

this effort, according to draft plans of the Central Electricity Authority, which co-ordinates planning, is an integrated system of 210 Mw and 500 Mw units linked by a 400 Kv bulk transmission system, supported by selective use of back-to-back MVICC (high walt are direct BHEL maintains that it can meet comfortably a 6,600 Mw a year expansion programme but other senior figures have little doubt that if the seventh plan emerges as the industry hopes, there will he room for major MV-DC (bigh voltage/direct current) links on major foreign involvement in selected It envisages 107,000 Mw of projects, both for some of NTPC's 500 Mw unit stations, for transmission work as India moves into HV-DC and in the hydro field for complex tunnel-

capacity by 1995 of which 44,000 Mw would by hydro, 59,000 thermal and 3,500 Mw nuclear.
These figures, obviously, are subject to further negotiation: and change, but there is a clear determination to restore hydro to the share it possessed in the late 1960s of over 45 per The bidding for these projects will, however, be intense. France, Sweden, Canada and Austria have the edge in hydro. cent, against the current 35 per

In thermal, the chances of countries like the UK, the There will be a strong emphasis on starting Lydro Soviet Union and Germany will depend upon the performance of projects now under construcprojects in the seventh y'an, so that completions will flow strongly in the period of the eighth plan. tion and willingness

Who's who in electricity

Department of Power: a subdivision of the Energy Ministry. Central Electricity Anthority: responsible for co-ordinating the power plans of the states and centre and so often reflects the tensions between the two.

National Thermal Power Corporation: set up in 1976 as a central generating authority and has a major programme of building super-thermal power

Corporation: the hydro coulva-lent of NTPC. Set up originally in 1975 to take over troubled bydro projects from the states, but will have a bigger role in the future.

State Etectricity Boards: generate and distribute electricity and, increasingly, also buy hulk supply through five regional etectricity authoritles from the central generating

Rural Electrification Corporation: set up in 1969 to promote electrification in the villages. electrification in the villages.
Atomic Energy Commission: formed shortly after independence to develop India's nuclear power programme. Has its own government department — the tion and perhaps upon their Department of Atomic Energy willingness to form equity terms with Indian partners. Department of Atomic Energy and its chairman reports directly to the Prime Minister.

PROFILE: K. L. PURI, CHAIRMAN OF BHARAK HEAVY ELECTRICALS

Modern-minded elder statesman

LIKE INDIA Itself and like Bharat Heavy Electricals, the company he has led since 1930, Mr K. L. Puri is a composite of East and West, Socialist and capitalist, entrepreneur and bureancrat. An engineer who learned his craft on the Indian railways, Mr Purl is known in India as one of the public sector's most effective managers and communicators. Since his company is also responsible for over half the power generators in a country whose life is modulated hy blackouts, a silver tongue is a valuable asset.

Power planner

** * 11.

Like a number of leading Delhi businessmen, Mr Puri was born in what is now Pakistan. Before taking the Pakistan. Before taking the helm at BHEL, he managed to squeeze in spells with the High Commission in London, training in the Soviet Union and a period as the country's chief electric power planner—as chairman of the Central Electricity Authority.

grounding, like several of his young team of key executives, was in running a major BHEL plant.

His style at BHEL, the country's largest engineering

firm and an approximate Indian equivalent of GEC,

western management con-cepts, Japanese quality circles and tight financial management, whilst keeping sight of the fact that his company's bread is only likely to be buttered if he keeps his relations with the Govern-ment in full working order.

So while on the one hand BHEL's annual report is cloquent on its management of human assets and its role in Mrs. Gandhi's "adopt a willage" programme, it is also one of few sets of Indian corporate accounts to includa current cost figures, prepared to London accounting stan-

Financial management, especially stock control, has become important for BHEL become important for BHEL, since, in spite of the country's hage power investment programme, its workshops are facing a slack period, especially on the hydroelectric side. BHEL is also in a business where customers do not always may up an time a business where characteristics do not always pay up on time. The company's last balance that characteristics in the company's last balance in lot of public sector companies, has the distinction of a long string of annual profits behind it—Rs660m last year

on turnover of Rs13bn.

NARORA

2x235 Mw PHWR

due 1987-9

TARAPUR 2x220 Mw BWR in service

2x235 Mw PEWR due 1991-2

Government tempted to place ordars with foreigners whose

bank borrowings to cover the resulting liquidity crunch. BHEL, however, unlike a

Mr Puri'a greatest source of frustration, or at least the one be is most likely to give vent to when meeting a foreign journalist, is that like o good public servant he has invested buge sums to increase his power generation capacity from 4,000 Mw a year to 5,500 Mw a year, only to find his resource - strapped

bids are backed by soft loans and bilateral aid. He has just lost an order to GEC in this "My company has geared itself to meet the full demand of our power sector," he says. "I have put a lot of morey and men into this." One consequence is that BHEL has diversified, late oil

rigs, solar photovoltaics, fertilisers and electronics. By 1990, the corporate plan suggests, electric power will represent 40 per cent of sales, down from 60 per cent a couple of years ago.

But none of this has turned.

Mr Purl against foreign infinence. He is setting a path for technology transfer and indigenisation in BHEL's new fields, much as be did with Combustion Engineering,

Combustion Engineering, Slemens and the Russians in thermal power. His energies and his style

Scepticism over ambitious targets

2x220 Mw PHWR

one start down one in service

KALPAKKAM 1x235 Mw PHWR



or the public sector's electratesmen, but a modern-minded ope, and a non-stop series of awards to go with it. The latest is the All India industrial relations award, gained for a record virtually stoppage-free performance by BHEL's 70,000-strong workforce and other virtues.

The organisation, he says, is "people oriented and the tomer oriented." It will also,

in spite of all the changes, remain power station oriented. "That is not a market which is likely in close for some years," he says. win an award for understate-

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CONSOLIDATED ASSETS AT 31 DECEMBER 1983 EXCEED US\$60 BILLION.

NUCLEAR POWER PLANTS

Nuclear power

"AT ONE time, I used to he superstitious and touch wood when saying this, hut now I don't," says Dr Raja Ramanna, chairman of the Atomic Energy Commission, as he completes a quick rundown of the state of bis country's atomic power in-

The account goes as follows:

Both 210 Mw units at India's first, U.S.-designed boiling water reactor (EWR) at Tarapur near Bombay are, after polytical problems, functioning, although at much reduced onfpolitical problems, functioning, although at much reduced ontput of 130 to 140 Mw each.

The number two pressurised heavy water reactor at Rana Protap Sagar in Rajasthan end the number one unit at Kalpakkam near Madras ore both working at aceptable capacity levels. Rajasthan Ona, which has been plogued by coolant leaks, is out of aervice but should be back "within six months."

of India's five heavy water production plants—on which all but the Tarrapur BWRs depend for coolant supplies-four are working.

Resolved

Dr Ramanno believes that problems with the Franco-Swiss

design of two of these units, based on the amonia-hydrogen exchange process, ara now resolved and that India will soon possess the ability to supply beavy water to support a nuclear power programme of 5000 Mw.

5,000 Mw.

The official objective, bowever, is more demanding than that. It is to instal 10,000 Mw.

According to Dr Ramanna, the country's planning commission was interested in a target of twice that size, but the AEC of twice that size, but the AEC ltself preferred a more menageable objective.

Even so, tha 10,000 Mw.

Club and another for the rest.

At present, the country has another for the rest.

At present, the country has another reactors at Kalpakkam the country. From the next century. From

target is bugely ambitious for a country whose guiding philosophy for 40 years has been PHWR units, whose design is self-reliance in nuclear tech-

ing hoard. By the late 1990s, these reactors will, the commission be-lieves, be producing sufficient plutonium to enable India to operate it first commercial fast breader reactor of Kalnethem

Rule-of-thumb capital costs for nuclear at 1983 prices are put by Dr Ramanna at Rs 10,000 per kilowott, suggesting that the 10,000 MW programme will cost \$10bn. Last year, sales of otomic electricity raised about Dr Ramanna maintains that

on his figures, nuclear remains fully competitive with coal for parts of the country over 800 km from coal-mines, but ackm from coal-mines, but accepts that construction times bove to be shortened to below nine years. He has been working vigorously to impress this point upon suppliers.

There bave also been serious donbts, voiced in the Indian press, about aafety standards at some installations. These Dr Ramanna dismisses a ill-informed.

Peaceful

The political will for peaceful uses of nuclear power remains strong, he insists. His own reporting line, as both chairman of the AEC and secretary of the Department of Atomic Energy, is direct to the Prime

There are, be adds, no plans to repeat the "peaceful nuclear explosion" which exactly 10 years ago served to ostracize
India from American nuclear
technology. Even today. Dr
Ramanna says, U.S. policy
extends to "nuts and screws" for the Tarapur reactor. Spares for Tarapur are being obtained on a hand-to-mouth basis from Europe and domestic suppliers But without doubt the critical

factor in India's nuclear plans is its ability to operate its plant efficiently. A load / capacity factor of 70 per cent is needed to take nuclear power to an

The first really good monsoon for five years has put the elusive production targets of the sixth plan well within reach

Rain gods smile at last on farmers and planners

Agriculture

TOTAL PRECIPITATION during January 1984 was excess of normal . . . " So begins the normal " So begins the Finance Ministry's first quarter economic report.

It is a reminder, if one were needed, that the India economy still and will remain for a long time dependent upon the weather. In the past year, the rain gods have smiled, the granaries are bursting and the economy has been kicked into life. Agriculture accounts for well over one-third of India's

For the country's agricultural planners, the first really good monsoon for five years has put the elusive production targets of the sixth plan well within

Foodgrain output in 1983-84 is estimated at almost 150m tons, 17 per cent hetter than the year before and a record by a wide margin. Having bought both wheat and rice in year's drought, India is unlikely to he a customer this year.
Indeed, with Government
stocks approaching 19m tonnes,
rice and wheat is already having to he stored under tarpaulins

As they sit down to draft the agricultural chapters of the seventh plan, however, officials know full well that while the good harvest has hoosted farmers incomes and provided fuller plates for at least some of the 40 per cent of the popula-tion which is still undertion which is still undernourished, the task of consolidating the green revolution of
the 1960s and early 1970s still
no connections," says one bas a long way to go, official.

The problems are very Some 48 of 65 major irriga-



then 2m hectares short of the sixth plan target by the end of this fiscal year. Much of this shortfall is accounted for by the failure at the farm level to dig channels from the main irrigation capals, leading to an effec-tive waste of about 7 per cent

familiarly Indian. Irrigation, tion projects of the sixth plan although advancing at 2.5m to are currently behind schedule. 3m hectares a year will he more a result of hudgetary and management problems at the

> Fertiliser demand, spurred hy damper weather and a 10 per cent Government price-cut, re-sulted in the sucking in of almost 3m tons of imports, np from 1.1m tons the year hefore, even though India's own fertiliser industry, hamstrung hy shortages of electric power,

labour problems and design weaknesses, is operating at well under 70 per cent of rated

FARM OUTPUT (in million tonnes)

Foodgrains	1973-74 104.6	1974-75 99.8	1975-76 121	1976-77 111.2	1977-78 126.4	1978-79 131.9	197 9-80 109.7	1980-81 129.6	1981-82 133,3	1982-83 128.3	1983-84 149.8	*targe 1984- 158.
of which: Rice Wheat	44 21.8	29.6 24.1	48.7 38.8	41.9 29	52.7 31.75	53.8 35.5	42.3 31.8	52.6 36.3	53.2 37.4 11.5	46.5 42.5 11.6	59 44.6 12.8	63 44 14.
Pulses Otiseeds Source: Minist	10 8.85 ry of Agric	10 8.5 culture.	13 9.9	11.4 7.8	12	12.2 9.35	8.6	10.6 8.4	11	9.3 Estimate	12.5	13



Water ot last: stocking up from o well near Madras. ht: milking time at o buffalo dairy farm near New Delhi.

capacity. This situation is untikely to improve this year.
There is also, in spite of considerable advances under the 1977 national seed programme. 1977 national seed programme, a shortage of quality seed and a need to find a more effective wey of supplying a tool-hire service to small farmers who cannot afford to huy equipment. For large tracts of Indian farmland, this means not renting tractors, hut renting steel ploughs to replace the hullock-drawn wooden ploughs which still predominate.

The response which is emerge-

The response which is emerg-

ing in Government to these and other problems is threefold: to concentrate upon finishing existing capital projects rather than starting new ones; to improve management by strengthening central command if necessary and to take o more flexible view about asking the

implement rental, and even in the massive forestry pro-gramme. This has succeeded in reducing the country's wood-

price in India and a much higher price in London or else-

Although the biggest Indian producer, Tata Tea, hes objected vigorously to the registration and price-checking procedures introduced by the Government to stop this, most of the industry, encouraged at the more positive tone emerg-ing from Delhi about invest-ment and taxation, has gone along quietly.

Likewise a government order that 70 per rent of bulk tea sales must be made through auction houses has encour tered little resistance. Although done in the name of price trans-parency, hy exempting tea sold in packaged form the Governunderlying strategy of pressing the tea companies to seek greater value-added in their

The quid pro quo, the industry hopes, will be a generous deal for tea in the seventh plan. The Commerce Ministry and the industry have agreed in outline that between 1985-86 and 1989-90 \$900m should be spent to expand

production.
Still to be decided is where the money will come from, hut the industry suggests \$250m should come from the planters, \$300m from loans, \$135m from subsidies and the halance of \$215m through a new development fund which will, in essence, be a means of providing extra tax relief for tea investment.

The Planning Commission and Finance Ministry are still awaiting a detailed economic analysis of the industry hefore agreeor the industry herore agree-ing to this approach, but hoosted by profits from high prices, the industry has already imple-mented a one-year crash pro-gramme worth \$137m to raise production this year. The pro-iented output year. jected output target for the end of the seventh plan is 766m kg, of which 257m kg would be

Action to extend provision and improve administration of seeds, fertiliser, technology, im-plements, pesticides, credit and private sector to help. The Agriculture Ministry, for example, is exploring private sector offers in seed production, irrigation are bound to figure large in the seventh plan, but for farmers the most critical role for Government will re-main its position as a fixer of support prices for key commo-dities. sufficiency.

agricultural banks.

Powerlooms force pace

Textiles

THE TEXTILE industry has

tion surged more than 12 per cent in the year to March 1984. But the previous year, 1982-83, was an abnormal one when Bombay mills, account-

ing for roughly one-third of

strike.

strike.

The strike petered out last year but it left deep scars. Thirteen marginal mills, which could not absorb the overbeads when they were title, could not resume operations. Though they were nationalised early this year, They have still to restart.

The terrille industry is

The textile industry is

undergoing n structural change. The official policy is to encourage handlooms. Although not the most efficient of the three sectors

of the industry, they are considered socially desirable since they create employment in the countryside and prevent migration of labour to

But the fiscal incentives in the form of reduced excise duty gives te partially mech-

duty given te partially mechanised "powerlooms," another sector of the textile industry, eppear to be hurting both handlooms and organised mills. The share of powerlooms in the total cloth production of 11.95ha metres in 1983-84 was more than 45 per cent against 33 per cent share projected for 1984-85, the final year of the sixth five-year plan.

plan. Powerlooms have mush-

land depletion rate from 150,000 hectares a year in the 1950-80 period to about 4,500 bectares a year. Sinre wood, with cow dung, remains the villager's main fuel, forestry is a vital part of the farming picture.

Something, although it is not quite clear what, will also have to be done about the growing problem of bank credit. Loans to farmers on which payment is overdue represent hetween 40 and 50 per cent of annual loan demand for most of the agricultural banks. Here, tho planners are juggling their desire to stimulate food output with the need rising inflation. The to curh rising inflation. The numbers for this year's price review remain undecided, hut it is likely that the broad strategy of recent years will continue. That involves rela-tively steeper increases in prices for pulses and oilseeds, in order to fortify anaemic pro-duction trends and in the case of oilseeds, to save on the import hill.

It could also mean setting up a national stock procure-In Bihar, perhaps the most problem-stricken state in farming terms, of the 23 land development hanks — crucial agencies in financing small-scale irregation schemes—only five ment and marketing system for pulses and oilseeds, along the lines of the system used for rice and wheat to create more stable profitable conditions for

agencies in financing small-scate irrigation schemes—only five are currently fully functional. In a state like the Punjab, of course, home of the green revolution and, in spite of sectarian violence now storing a bumper wheat crop, such problems do not exist. There, 92 per rent of loans are on schedule.

Action to extend provision In the longer term, the challenges remain as vast as ever: how to cope with the increasing how to cope with the increasing fragmentation of land holdings caused by the country's inheritance customs, and how to feed a population of 730m still growing at ahout 2 per cent a year. The planners reckon that 225m tonnes of food grain will he needed by the year 2000 just to maintain e radimentary self-sufficiency.

Essentially the task for the next phase of development is one of management. A recent, unpublished World Bank report

musal riots in the western state of Maharashtra.

state of Maharashtra.

They use cheap unskilled and unorganised tabour. The trade unions are finding it difficult to bring them to their fold: and the Government is facing problems enforcing labour laws.

Pewerlooms thus have the best of both worlds — mechanisation of the production function and low labour cost on the one hand and Government help by way of rebate in excise duty on the other.

ment nesp by way of rebate in excise duty on the other.
The policy of selective encouragement has apparently not paid off. In the four years to March 1984, textile production bas risen an annual average of 3.66 per cart product the transfer of the product of the continual average of 3.66 per cart product the transfer of the continual average of 3.66 per cart product the transfer of the continual average of 3.66 per cart product the transfer of the continual average of 3.66 per cart product the transfer of the continual average of 3.66 per cart product of the continual average of the cart product of the continual average of the continual a

cent against the target of 5.5 per cent envisaged in the sixth plan.

The per capita availability of cloth has fallen over the past two decades to 13.5 metres in 1982-83 from 15 metres in 1960-61. But the pattern of cloth consumption has changed with the share

A worker at the Sericulture Silk Development Institute in Karnataka state examining trays of cocoons.

suggests that a powerful and wide-ranging agricultural com-mission would be a useful first Sixth Plan of the muddle caused by the proliferation of schemes over the years and the administrative and budgelary difficulties which,

in some states, are chronic, Better water management will be of special importance since even under the most ambitious irrigation plans, balf India's farmland will be rain-fed. Here. increased output will have to come from switches to less water-demanding crops such as pulses, from less wasteful use of water, especially in rice farming, and from greater cropping intensity. It has been clearly demonstrated that many parts of India are capable of nourishing four crops a year. rather than the single crop

Gradually, by raising yields and output, the country may succeed in producing a real overall improvement in its far mers' net incomes, which esti-mates by the U.S. Embassy in Delhi suggest remained stagnant in real terms in the 1975-83 period. Only if India can put more money in the pockets of its farmers and so into the hands of its landless rural labourers is there a real pros-pect of sustained demand growth in the economy.

Meanwhile, there will be no revolutions, not to mention the a third in a decade) or the white revolution created by India's 265m sacred cattle. But in reality, the future of Indian farming is likely to be less about revolution than the mandres by the same of good green. dane husiness of good govern

of synthetics, which have a longer life than cottons, going

up to 3.7 metres from 1.2

There have also been prob

tens with sectoral growth targets. The share of hand looms in total cloth production was around 29 per cent, some 2 percentage points below projections.

The mill contact is the worst

The mill sector is the worst hit, mainly because of the Government's refusal to issue industrial licences either for

expansion of existing units or for new enes.

for new enes.

The Government may have o fresh look at the sectoral targets when it formulates the seventh five-year plan, which starts in April 1935. It is planning for 3.6 per cent annual growth lifting cloth production to 14.5 bn metres by 1999.

The aim is to strike a

The aim is to strike a halance between socioeconomic considerations and

fostering a competitive mill sector to boost exports.

R. C. Murthy

Ian Hargreaves

Tea cup storm all but over

EXCITEMENT IN international tea markets over the Indian Government's four and a half CTC tea has all but subsided. years of the plan.

Prices at the London auction, having pierced the 300p per kilogramme barrier soon after the han was imposed, have visible exports fall to a 20-year low of 4.2 per rent in 1982-83, wanted to know why.

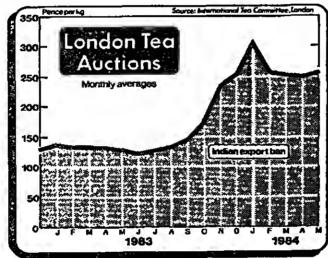
The Government's conrern, as it happened, fitted well with the supply-demand position before the han.

performance of the tea producers against the targets of the sixth plan, which envisaged production rising to 705m kg hy 1985.

In practice the industry, cut-ting hack on fertilisers in response to weak prices, pro-duced an annual average of about 565m kg in the first four Not surprisingly, the Finance

Ministry, which had watched tea's contribution to India's

felt that the industry had been But in India, the ban has to hed dry hy taxation, which amounts to 68 per cent in the main growing state of Assam,



not only would India go on losing its share of the world export market, currently around 28 per rent, but that it could face difficulties supplying a domestic market growing at 4 per rent a year.

On the fece of it, the ban on exports of CTC (crush, tear,

The tightness in the market, industry

Indian tea people maintain, was caused mainly by London-based huyers running down their stocks to save financing costs and then holding back from the market in late 1983 because prices were rising.
But in Delhi and Calcutta,

good as the tea husnes approach their second flush of growth, total 1984 production is being estimated at 610m to 625m kg. Meanwhile, the domestic price of tea, although still high (Rs30-32) is not nearly so high (R830-32) is not nearly so high as government officials feared it would be hefore they im-posed the han last Septemher. The Government and in-dustry have also been husy with further initiatives. The Government has cracked down on illegal destroing of involver on illegal doctoring of invoices, which had been used as e

THE INDIAN jute industry has

recovered from the shock of a nearly three-month-old strike and is now working to full capacity. A record food grains

harvest, a boom in cement production, rising offtake from

problem for the moment.

Rs32 per kg in the course of

there is considerable satisfac-tion at the way things have turned out. India still expects to export 215m kg of tee this year, against 209m kg last year, and with weather conditions good as the tea husbes approach

mechanism for evading India's rigid foreign exchange rules. Direct sales to export customers, the Government says, were being registered et one

roomed in small towns such as Malegaen and Bhiwandi,

shortage of raw jute supplies.

Price levels now obtaining for the fibre lu the raw jute market in Calcutta have reached a record Rs 460 a quintal as against the Statutory floor of Rs 293 a quintal and all the raw jute market in Calcutta have reached a record Rs 460 a quintal as against the Statutory floor of Rs 293 a quintal and like hards. manage as best as it may. Rs 225 a quintal, and mills have started complaining that at this level manufacturing costs have moved far above the prices available for any variety of jute goods, sacking, carpethacking of hessian.

As a way out of the crisis, the industry has been asking for a production cut of 10 per cent—roughly corresponding to the deficit in fibre supply—to bring about a measure of stability in the prices of raw jute (which constitutes nearly 60 per cent of the manufactur-ing cest)

Boom times bring a fresh crisis

other consuming sectors plus an unsatisfied overseas demand for finer varieties of jute goods such e move; feeling possibly that the industry is exaggerating have taken care of the market the shortage and preferring to wait and watch. For halance of Yet, against this promising payments reasons, it will not agree to imports of even half a background the industry has agree to imports or even naut a millon hales, as owing to a short crop in Bangladesh, raw jute prices there are also very high In the circumstances, the industry has no option but to

> The raw jute crisis illustrates a basic cause of the industry's insecurity. It has neither any control over raw materials supplies—jute cultivation in India is very much a small peasantry affair, plantations of the fibre are not restricted. the fibre are not permitted and the growers are lotally at the mercy of the mousoon and middleman — nor has the industry any control over its markets, especially overseas, which are subject to increasing competition from Bangladesh and from synthetics,

ing cost).

In particular it is hoped
But the Government is not there can be meaningful interparticularly enthusiastic about national co-operation, designed Tute

to promote the quality of fibre and goods, and possibly, a joint front against synthetics,

These are of course longterm measures to promote the consumption of jute goods in a world where demand is rising rather slowly. Meanwhile, the industry's survival strategy centres round raising domestic consumption to at least 80 per cent of the total output in the near term and obtaining an economic price even though the Government's response to the industry's move for a dual price system-one for the domestic market and another for exports
—continues to be negative.

As a leading jute industry executive put it, the competition is getting tougher all the time. Synthetics manage to stay cheaper, their delivery alwaya assured, while the Ban-

gladesh jute industry, especially since denationalisation, has gone all out to undercut India, taking advantage of its lower raw material and waga costs.

The industry is well on the way, however, to becoming practically independent of its export markets. Aiready two-thirds of markets. Aiready two-turns of output is being domestically consumed as against only 30 per cent two decades ago, and the proportion of domestic sales keeps increasing with years.

Next to foodgrains, the cement industry has emerged as second largest consumer of jute bags. Cement capacity has gone
up to 32m tonnes from only
22m tonnes a few years
ago and is set to go up to 42m tonnes by the end of 1984-85. The Government ban on the use of old or recycled jute bags in the cement industry has enormously helped.

Meanwhile, the Government is pursuing e cost plus formula in fixing the prices for its own purchases and it is taking nearly one-third of the sacking output

now accounting for 60 to 70 per cent of the total production. Yet exporting, though on a decreasing scale, is economically important, as much for the industry's viability as for balance of payments. The Government is worried that exports during 1983-84 fell sharply to only 225,000 tonnes worth a mere Rs 1.5 bn. In 1982-83, exports were 330,000 tonnes

ports were 330,000 tonnes worth Rs 3bn. New Delhi has fixed a target of 350,000 tonnes for 1984-85 which should feech e correspondingly higher value in foreign exchange. Towards that end, the export subsidy or cash compensatory support has been doubted in most cases of jute goods and trebled in the case of carpet backing which is the most high value product of tha industry and caters mostly to the lucrative U.S. market.

With the setting win of the

With the setting up of the International Jute Organisation and International Jute Council at Dacca (incidentally, a senior indian bureaucrat now heads the IJO as its executive director) and with International Trade Centre of GATT mounting a campaign for the generic promotion of jute goods in the world, there is now considerable optimism in the industry on a

P. C. Mahanti



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XI

Dina Thomson reports on poverty reduction, birth control and health care, and profiles two development projects in Andhra Pradesh

Profile: the Introduction of women's dairy cooperatives In Andhra Pradesh

Quiet revolution in the villages

QUIET REVOLUTION is taking place in the rural vil-lages of the south-eastern state of Andhra Pradesh, with the help of the Ford Foundation. Village women are being actively encouraged to take responsibility for the dairying activities that form an integral part of the economy. They are hreaking away from their traditionally subservient role and changing the structure of the

Andhra Pradesb accounts for about 9 per cent of India's milk production, and the dairy in-dustry provides a year-round income which rescues agricultural labourers from the cruel fluctuations of the monsoon.

As part of the Indian
Government's ambitious Opera-Governmenta ambitious Opera-tion Flood programme designed to increase milk production, the Authra Pradesh Dairy Develop-ment Corporation has intro-duced dairy producer co-opera-tives in the villages introd to broader-based milk producers'

working with a local co-op federation, the Ford Foundation is conducting a pilot project in three districts to organise 26 women's dairy co-operatives whereas previously the co-operatives were a male pre-

Govardana Giri is an example of a small, poor village which has recently successfully set np an all-women's co-operative re-placing an existing all-male milk collection centre. Twenty-five miles from Chittoor, the capital of the district with the same name, it is 5 km from the main road down a dusty track.

Recognition

Some 130 litres of milk are taken by cart down to the main road at 5 am each morning before it gets too hot, and from there they are picked up by a truck from the local co-opera-tive federation. The men work in agriculture, cultivating paddy. and sugarcane, groundouts, mango, coconut and tamarind.

already banded over their co-op membership to women.

While women have traditionally done the work involved in dairying, the men have been responsible for the administration and have received the income, whether from a middleman or a cooperative. Releasing the men from the responsibilities of running the dairy business means that they have more time to be educated and the directors are inevitably those with with some inevitably those with the dairy to school education. Despite the band-over of considerable progress has been made in this project so far and sees the potential for changing the role of women as enormous, she says "women tend to be chairman of the co-operative, she says "women tend to be and are looking for credit to men and of bow the men will be progress has been made in this project so far and sees the potential for changing the role of women as enormous, she says "women tend to be and are looking for credit to and are looking for credit



The Andra Pradesh Dairy Development Corporation uses the snakes and ladders theme to help explain to villagers the do's and don'ts of running a dairy farm co-operative. Above:

as landless labourers.
The women learn dairying akills and the managerial and accounting tasks that bave previously been dominated by men. By taking responsibility for the task from start to finish, their sense of worth is also inevitably increased.

But in many instances the 26 young women supervisors recruited by the Ford Foundation to travel amongst the villages and educate the local people to the virtues of women's co-operatives, have come up against the intractable problems

against the intractance problems of caste and local politics.

In villages where two major castes are fighting for dominance it becomes extremely difficult to keep caste politics out of the co-operative. Added to this is the divisive effect of institutions retain. and sugarcane, groundants, mango, coconut and tamarind.

The project's aim is to give recognition to women's traditional activities in dairying, both by increasing their status and by utilising the working time of the family more efficiently. Although it is still a new project launched last September, 1,800 men have already banded over their co-op membership to women.

The divisive effect of local politicisms seeking votes.

There is a danger too that the danger too that the divisive effect of local politicisms seeking votes.

There is a danger too that the danger too the danger

in the fields, where most work cult to get II on our own."
as landless labourers.

On the surface, those men who have agreed to hand the responsibility for the cooperatives to the women do not seem to mind the womens' changing role. One of the fears

expressed by the Ford Founda-tion, however, is the danger of the men becoming increasingly eager to hand over their share of work; leaving the women worse off in the end. The co-ordinator for the project is N, Aruna Kumari, a young woman of 23 who was born in a village in Andhra Pradesh and is well aware of the problems of appraising the true reasons for change in villages. She is responsible for the women supervisors and berself spends 20 days a month travelling round the villages.

Managerial problems of organising the 26 women supervisors and teaching them to take individual decisions of responsibility as demanded by each particular case are magnified by infrastructural problems of transport to the villages, particularly in the summer months when the temperature reaches 110 degrees Fahrenheit

and more.
While Aruna concedes that

PROFILE: THE INDIAN POPULATION PROJECT

Major step forward in health care

door it becomes apparent that there has been a power cut and

India's rural villages make any effort at improving health and family welfare a monumental task. The lack of infrastructure hampers the efficacy of any project, no matter how successful it may be at meeting

its own structural goals.

In collaboration with the World Bank, the Government of India has launched its second India Population Project concentrating on three districts in Andhra Pradesh which include the villages of Kalavakunta and Kothakota. The major objectives of the project are the lowering in edicine.

"Without World Bank aid, the project would have taken 10 to 15 years or more to complete, instead of the planned five years," says Dr Sarma.

In Chinttor itself, it is clear that the sub-centres already in existence are well-used for preventive as well as curative medicine.

KALAVAKUNTA village in sowhern India has a health centre serving about 1,000 people in a dozen villages. But a well, which was dug after the centre was opened in December 1983, turned out to be dry, and the only source of water for the village and the medical attendants is a nearby pond, which is stagnant.

In nearby Kothakota, a young doctor proudly points out the facilities of a pusmary health centre opened in 1976. One room houses a small refrigerator door k becomes apparent that there is a gap between the expectations of the Andhra state medical and health services in the Additional Director of Medical and Health Services in the state capital Hyderabad, speaks confidently of the construction of health centres and sub-centres being completed by next December, officials in the district medical office in Chittogrammes are being conducted in one-day sessions by health workers to educate women about Medical and Health Services in the state capital Hyderabad, speaks confidently of the con-struction of health centres and sub-centres being completed by next December, officials in the district medical office in Chit-toor district say that will not happen.

there has been a power cut and the vaccine is slowly warming up. The centre does not even dream of owning its own generator.

Such basic problems in India's rural villages make any effort at improving health and family welfers a monumental health proverty line. below the poverty line.

Health centres

"Without World Bank aid, the

one-day sessions by health workers to educate women about the need for family planning and proper health care, and the number of tubectomies after two children has clearly increased. So has the willingness to speak openly of female sterilisation which has been dubbed "the operation."

The familiar red triangle which symbolises India's family planning drive used to suggest two or three children. It now stops at two. Financial incentives have been set by the central government at Rs 145 (\$13) for tubectomies and Rs 130 (\$11.78) for vasectomies, with the former gaining increas-

ing popularity.

While the project is a major step forward in population and Kothakota. The major objectives of the project are the lowering of infant and child mortality. an improvement in health for mothers and children, and the lowering of fertility.

A five-year project started in April 1982; it has a budget of Rs 23.7m (\$2.1m) of which Rs 10m is to be spent on the construction of primary health centres and 427 subcentres with basic equipment and a midwife.

Preventive as well as curative step forward in population and health care, it reflects the Indian Government's lack of national emphasis on population control education for the younger generation. As a senior government official in Hyderabactom in the deeper problem of the need for education one must understand that it is a population control remains inadequately addressed. Dr C. T.

Kurien, director of the Madras

Anti-poverty drive gathers momentum

Development

INDIA'S real development problem is the inability to make sure that those who are very poor have access to the income that is generated, says Dr C. T. Kurien, director of the Madras Institute of Develop-ment Studies and a member of the panel of economists of the government's Planning Com-

In 1979 it was estimated that 48.4 per cent of the population, nearly 320m people, lived below the poverty line, defined as monthly per capita expenditure of Rs76 (£5) in rural areas and Rs 88 (£5.86) in urban areas.
Over 80 per cent of the poor live in rural areas, surviving at extremely low levels of consumption. "The magnitude and scope of poverty suggests that it is not an isolated problem. lts alleviation is central to the whole of India's development strategy," eays a recent con-fidential World Bank report on

the Indian economy.

Poverty reduction has been a major goal since independence, and the Sixth Plan (1980-1985) has implemented three major anti-poverty programmes designed to hring basic infra-structure such as electrification, roads and bousing as well as health, education, and water supply to the villages. Estimates for actual expendi-

ture on major poverty programmes in the three years 1980-81—1983-84 amount to Rs 596.60bm (£89.7bm), in line with an original planned esti-mates for the five-years 1980-85 of Rs 975bn (£65bn).

The emphasis on such measures against poverty will

discussion which will continue to atress energy, transport and

India pursues a dual develop-ment policy of attempting to accelerate economic growth while targeting poverty alleviation programmes at the poor, who gain few direct benefits the country's increased

But the Indian Government la sensitive about some of the political and social aspects of certain programmes, especially population control.

Prime Minister Gandhi's government has not re-gained its confidence on the subject of birth control following the excesses which occurred during the 1975-77 state of emergency.

At that time, under the direction of Sanjay Gandhi, the Prime Minister's late son, a major effort at accelerating the family planning programme backfired when enforced sterilisations were carried out. Only now has working in family planning begun to regain its modificity. credibility.

Voluntary

Several Indian voluntary Several Indian voluntary hodies and international aid organisations stress privately that while India bas made great advances in controlling its population growth rate, it needs to do far more to implement family planning.
Government sources admit

Government sources animal that, based on current policies, India's population will reach 950m by the year 2000 and is expected of stabilise at 1,200m in the year 2050. Horrified independent aid agencies point out the reality of India's population executabing that of China in the overtaking that of China in the first half of the 21st century.

between India nad China, however, is that India's population control programme is voluntary. and government officials insist it will remain so

In its pational health policy statement recently endorsed by Parliament, the Government emphasises the introduction of health, education and lileracy programmes alongside a family planning programme in order to reduce fertility. But while most non-governmental family planning agencies are enthusiastic about this approach, they say that as yet there is a wide gap between rhetoric and action.

"Over the last few years the government has begun to take a more practical attitude," says Rami Chabbra, a programme director for the voluntary Family Planning Foundation, "but progress remains very slow. One of the major problems is actually getting all the various ministries responsible for rural development together to implement this integrated approach to family planning and welfare we keep hearing

Difficulties in co-ordinating the various ministries and spur-ring the bureaucracy into action are compounded by problems in uniting the efforts between central and State governments in the first instance and between State directives and local implementation in the second. Major problems with second. Major problems with infrastructure in the rural areas continue to hamper efforts to extend education and health

"We have reached a stage where every action of poverty alleviation identifies a need How on earth can we approach health care when we have not provided the basic supply of



Village women return from a well in Poona. Maharashtra

One of the major problems facing the government is the clamour of demands for finance from sectors with equally urgent needs, at a time when India's access to foreign aid is shrinking.

Funding

has been annoyed by the cut in the U.S's. contribution to the seventh phase of the International Development Agency (IDA), the soft-loan side of the World Bank.

As one development put it: "We keep to World Bank.

Aid agencies continue to play

clean drinking water for all our hands of the Indian Govern-villages," says one weary deve-lopment economist. The U.S. Agency for International Development, the Ford Foundation, plus an assortment of United Nations bodies and other independent aid institutes are still active, but they keep a lower profile than they did five or 10 years ago.

The Indian Government appears to have little choice but to continue its dual Government officials are bitter at the deterioration in levels of bilateral financial aid and at the increasing tendency of western countries to link aid with commercial orders. India taxes 20 per cent of its GNP, and anything above this would the U.S's. contribution to the

As one development economist put it: We keep telling our-selves that the mobilisation of resources is politically and socially impossible, but we keep an important role in the funding of projects, but their implementation is left entirely in the to be done."

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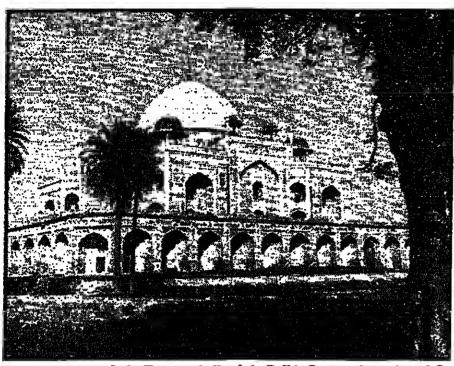
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Left: Humayun's Tomb in Delhi. Centre: the statue of Gandhi and his struggle for freedom, also in Delhi. Right: the Taj Hotel and the Gateway of India on the Arabian Sea quayside in Bombay

Tourist industry struggles to maximise vast potential

THE image of India as an ultimate holiday destination has flourished in recent years, yet the Indian Government's spending priorities place tourism just above lighthouses. Tourists continue to respond in throngs to tha lure of India

and Reserve Bank estimates, which placed oarnings from tonrism at more than Rs11bn (\$997m) last year makes the industry India's largest net earner of foreign exchange (Reserve Bank estimates in-clude remittances from students abroad and so are higher than estimates from the Ministry of Tourism, which amount to almost Rs9bn.)

But at a timo when a cultural awareness of India has been belghtoned to what is arguably its peak throughout the west, the couotry's tourist industry is still struggling to tap its vast patential

remains its biggest supplier of

The Festival is about to be repeated in the U.S. and France —India's second and third largest tourist suppliers—and has itself generated a bost of other activities related to India.

Close on the beels of Gandhi and the television dramatisation of M. M. Kayo's romantic novel The Far Pavilions, UK television viewers bave avidly watched the serialised television dramatisation of Paul Scott's Roi Quartet now more excite-Roj Quartet, now more exotically known as The Jewel in the

Indla would seem poised to casb in on this curious blond of Raj-linked nostalgia and a genuino increaso of interest in

year brought alivo all aspects of tourists a year by 1985 bas been India to a country which abandoned.

Cultural awareness of India has been heightened in the West by a wave of books and films. Tourism comes low on the list for government funds, however

Bangladesh and Pakistan, and represents a scaling down of an original target of 3.5m tourism has not been given the importance it merits by the a year by 1990. But last year tourist arrivals excluding visitors from Bangladesh and Pakistan amounted to just Tourists from Bangledesh and Pakistan numbered 420.246

They admit privately that feel that they have to go to tourism have not been a success, partly temples and places of historic interest alone. Wa want to stress that there is more to family the stress that there is more to stress that there is more to stress that there is more to family the stress that there is more to stress that there is more to family the stress that there is more to family the stress that there is more to family to quickly for the Asian stress that there is more to family the stress that there is more to family the family that the stress that there is more to family the family that the stress that there is more to family the family that the stress that there is more to family the family that the stress that there is more to family the family that the stress that there is more to family the family that the stress that there is more to family the family to quickly for the Asian stress that there is more to family the family that the family that the family to quickly for the Asian stress that there is more to family the family to quickly for the Asian stress that there is more to family the family that the family to quickly for the Asian stress that there is more to family the family to quickly for the Asian stress that there is a family to quickly for the Asian stress that there is a family to quickly for the Asian stress that there is a family to quickly for the Asian stress that there is a family to quickly for the Asian stress that there is a family to quickly for the Asian stress that there is a family to quickly for the Asian stress that th

884.731.
Tourists from Bangledesh and Pakistan numbered 420,246

But at a time when a cultural awareness of India has been beightoned to what is arguably its peak throughout the west, the conorty's tourist industry is still struggling to tap its vast potential.

Since 1983, when Richard Attenborough's film Gandhi took India to millions of viewers, the West has not bad a chance to draw breath between a steady intake of visions of India, The Festival of India in Britain that year brought alivo all aspects of the seventh Five-Year year brought alivo all aspects of the seventh sighteeing on a monumental mandumental state of the Indian Government, the issue of tourism remains essentially a problem of development—how to find the funds to cope with ambitious targots and provide the means for their realisation.

India has a tentative target of 2.5m tourists a year by the stead the growth rate of 14 per ceet in tourism per year. India has a tentative target of 1.7m year.

Plan (1985-1990), now being fin- alised, An earlier target of 1.7m year.

Senior officials in the Minilast year.

Despite the constraints, the Tourism Ministry is on tho offensive in its bld to attract onensive in its bid to attract more tourists to India, Ironically, despite the recent cultural onslaught of India on the West, there is now a widespread belief in both the public and the private sectors of the need to thift away from the emphasis shift sway from the emphasis on culture to leisure and tho promotion of beaches, hilding, golf and water sports.

Plan (1985-1990), now being finalised. An earlier target of 1.7m tourists a year by 1985 has been abandoned.

The new 1990 target excludes nationals from neighbouring target looks unlikely to be met.

Plan (1985-1990), now being finalist to just 0.5 per cent last Rabindra Seth, public relations adviser to the large private sector Taj group of botels owned by Tata Group, India's largest industrial conglomerate, says; "We don't want people to

and private sector. The government appears incroasingly content to leave the construction of five-star botels to the private sector. Dr N. K. Sen-Gupta, tha recently appointed Director General of Tourism with a background in the Finance Ministry which has beartened those in the private sector who despair at the govornment's approach, says "Until now, thore has been an omphasis on five-star tourism. We want a shift in em-phasis to three-star or even two-star tourism."

star tourism." to open up more of India to the ordinary tourist. Mr Rajan That realisation has cost the Government hard. Some five star Jetley, Managing Director of government hotels in Delhi the India Tourism Development

Corporation (FTDC) says:
"Profit is not the only motive
of ITDC. Development of farflung areas is extremely important and that means we invest in those areas where the private sector will not initially go, and so we play a different role from

Corporation. But, along with other private hoteliers, he expresses frustration at dealing with India's bureaucracy and Another reason for the lack of success of government five-star botels has been the government's inability to compete offectively with the private sector in this field. However, a recently constructed low-cost botel in Delhi, Ashok Yatri Nivas, charging Rs 100 (£6.60) a night as opposed to Rs 750 (£50) on average in the five-stars, has been doing extremely well.

The Government is also eager to open up more of India to

while Bembey new has a new airport and Delhi has a new international departure terminal, the arrival of three 747 flights into Delhi in the middle of the night still reduces the airport to miserable chees. The Geography has choas. The Government has just approved international charter flights to boliday spots such as Goa and Trivandrum on the south-west coast, but private boteliers say such flights should operate to Delhi. as well.

Ona of India's major prob-lems is the relatively backward development of its domestic, as

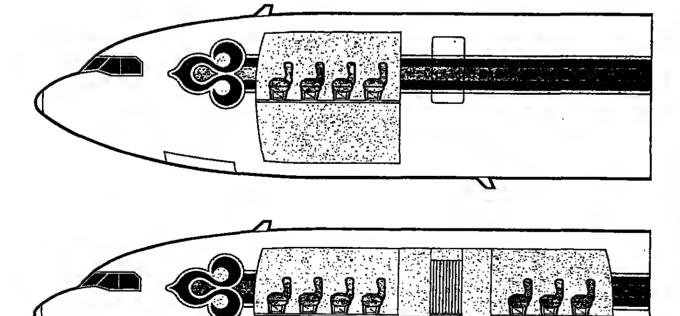
is due to be fully computerised by this summer, but still main tains the frustrating practice of not confirming internal flights except from the point of doparture.

For the private sector, the potential for expansion in India is "enormous," says Jonathan Thornton, Vice-President and Area Manager for Smith Asia of Smith is "enormous," says Jonathan
Thornton, Vice-President and
Area Manager for South Asia
of the Sheraton Management
Corporation, But, along with
other private hoteliers, he also "alive to the problem" of being undercut by lower rates for tourists at five-star hotels in the Far East, but remain confident that India has a great

deal more to offer. deal more to offer.

In the first two months of this year, tourist arrivals in India were up by 15 per cent on the previons two months. While Mr Jotley expresses a cautions view. "We would like to wait at least six months before we call it a trend"—all the indications are that the Indian Government needs to worry less about the appeal of India and more about how to accommodate those heading eagerly Delhi-wards.

Royal Executive Class. So popular, it's going backwards.



Class on all our Asian routes, in April 83, we thought we full Economy fare. had everything planned beautifully.

The seats had the longest legroom of any business class. (Most Asian airlines call them first class seats.) We introduced a choice of meals. Free spirits, wines

Free use of electronic headsets. Express check-in. Airport lounge facilities.

When we replaced first class with Royal Executive are too embarrassed to talk about. And all for just the

The only thing we didn't plan on was just how popular it would prove to be.

in fact, Royal Executive Class has proven to be so

popular we've had to enlarge it. So now instead of 24 seats, Royal Executive

Class features 42 seats.

And everyone of them goes back further A standard of in-flight service that other airlines than any other business class seat in the world. Time



Official title Union of India.

Head of state President: Giani Zail Singh. Prime Minister: Mrs Indira

Flag
Gold, white and green horizontal divisions with central
(Buddhist "chatra") emblem.

Area 3,287,590 sq km.

Population 684m (1981 census).

Language Official: Hindi. "Associate" official: English, Also: 16 constitutionally recog-nised local languages,

British armed forces), certain

Visa: not required by citizens of UK and colonies, nationals of Commonwealth countries and tourists from certain other countries for short stays. Note: there are restrictions on: British passport bolders who are not citizens of UK; mis-sionaries; those planning to

Health precautions Mandatory: yellow fever within six days of visiting infected/ endemic area. Advisable: cholera, anti-malaria.

Main ports Bombay, Calcutta. Cochin, Kandla, Madras, Mormugao, Vishakhapatnam.

Overland access
Possibla through Pakistan Nepal, Bangladesh but staus/ opening bours of border cross-ings should be checked.

Good/comfortable/acceptable hotel accommodation is widely available, the following are therefore only a selection. In Bombay:

TajMahai Inter-Continental. Appollo Bunder, Bombay 400 039 (Tel: 243366; telex: 0112442).

Ambassador, Churchgate Ex-tension, 400 020 (Tel; 221131; Centaur, Bombay Airport, 400 039 (Tel: 535401; Telex: Fariyas, 25 Off Bunder Road, Qutub, Off Srl Aurobindo Colaba, 400 005 (Tel: 214011; Marg (tel. 69869; telex: 031 Colaba, 400 005 (Tel: 214011; Marg (tel. 69869; telex: 031 3637).

Holiday Inn, Bairaj Sahani Marg, 400 049 (Tel: 571425; Lajpat Nagar 110 024 (tel. 625639; telex: 031 2879).

Horizon, 37 Juhu Beach, 400 049 (Tel: 571 411; Telex: 113018).

Lutai Nagar 110 001 (tel. 45904/15959; cable: Yorks). Hotel Nataraj, Netali Sub- Hotel Janpath, Janpath 110 hash Road, 400 020 (Tel: 294161; 011 (tel. 383691; telex: 031 Telex: 2302).

Business

Ritz, Jamshedji Tata Rd. (tel.

295061; cable: Ritz).

571481; telex: 0115282).

Guide

Time GMT+51.

Entry requirements Passport: required by all except certain document holders (UN,

> Park, Park St., 700 016 (tel. 248301; telex: 217159).
> Spences Hotel, Wellesley Place, 700 001 (tel. 236871; cablo: Homeliness).
> Hotel Hindusthan International, 235-1 Acharya Jagdish Chandra Bose Rd., 700 020 (tel.

442394; telex: 021 7164/2321). Ritz Continental, Jawaharlal take up employment, business Nehru Rd. (tel. 23-2391/23-6226; telex: 7418). etc., transit passengers. Oberoi Grand, Jawaharlal Nehru Rd., 700 013 (tel. 230181/ 210; telex: 7248).

5460).

In Calcutta

In Darjeeling Hotel Aberol Mount Everest, Gandhi Rd., (tel. 90236 545 546;

telex: 041 7197).

Hotel Dasaprakash, Poona-mallee High Rd., 600 084 (tel. 661111, telex: 041 637). Hotel Imperial, Whitannels Rd., Egmore (tel. 29061; telex: 041 420). Chola-Sheraton, Cathedral Rd. (tel. 82091; telex: 041 7200). Savera, 69 Dr Radhakrishnau Rd., 600 004 (tel. \$10031; telex:

In New Delhi Akbar Chinakyapuri 110 021 (tel. 370251/673251; telex: 031 2863). Nirula, Connaught Circus 110

001 (tel. 44305; telex: 312199). Hotel Oberol Maidens, Alipur Rd., 110 006 (tel. 281481; telex: 031 2703).

45959; cable: Yorks).

2468). Ashoka, 508 Chanakyapuri President, Cuffe Parade, Ashoka, 508 Chanakyapuri Colaba 400 055 (Tel: 218141; 110 021 (Tel: 370101; Telex: 031 Hotel Oberoi Intercontinental, Dr Zakir Hussain Rd, 110 903 (Tel: 699571; Telex: 031 2372). Claridges, Aurangzeb Rd, 110 book).

Imperial, Janpath 110 001 ciation, 3/4 Asaf Ali Rd., New Tel: 311511/388641); Telex: Delhi 100 002 (issues year Tel: 311511/388641); Telex: O31 3303).

Maurya Sheraton, Sardar
Patel Marg 110 021 (Tel:
370271; Telex: 3247/4911).

Taj Mahal, Mansingh Rd, Federation House, Tans
110 011 (Tel: 386 162; Telex: Marg, New Delhi 110 001.

Internal Travel

Air: Indian Airlines operates services to main towns and places of interest (there are concessionary tourist tickets). Oberol Towers, Nariman Point 400 021 (Tel: 234343; Telex: 114153/4). concessionary tourist tickets).

Road: Over 1.6 km of road
network, over one-third
metalled — including links
between major fowns.

Searock, Land's End, Bandra 400 050 (tel. 535421; telex: 011 Bus: A number of longdistance express services in operation; local services are not Sun-n-Sand, Juhn Beach (tel. enerally recommonded.

Rail: Suburban

services mainly restricted to Bombay; various (well-documented) longdistance services (four stan-

Sea: Coast ferry services operated (eg Bombay-Goa; Cochin-Vijayadurg). Banking bours

1030/1100 - 1430/1500 (exceptions: Sat. 1100-1300). Government and business hours

1000-1300, 1400-1700 (exceptions: Sat. shorter bours or closed, Sun. closed).

Development

Advertising
Press, cinem Useful business addresses

Gandhi Rd., (tel. 90236 545 546; cable Obhotel).

In Madras
Connemara, Binny'a Rd., 600
002 tel. 810051; telex: 041 488).

Fisherman's Cove, Covelong Beach 603 112 (tel. 947268; telex: 041 197).

Bengal Chamber of Com-merce & Industry, PO Box 280, Royal Exchange, Calcutta 700 001.

Bombay Chamber of Com-merce & Industry, PO Box 473, Machinnon Mackenzie Bidg., Ballard Estate, Bombay 400 038 (tel: 264681; telex 0112671).

Bombay Stock Exchange, Dalal St., Bombay 400 001 (issues directory).

eagerly Delhi-wards.

Dina Thomson

Calcutta Stock Exchange Association, 7 Lyons Range, Calcutta 700 001 (issues year

Federation of Indian Chambers of Commerce & Industry, Federation House, Tansen

Madras Chamber of Com-merce & Industry, Dare House Annexe, 44 Moore St., Madras 600 001 (tel: 20404/6; Telex

Punjab Hyrana & Delhi Chamber of Commerce & Industry, 9A Connaught Place, New Delhi 110 001 (tel: 344421;

telex: 0313733).

Widely available in main cities where meters are in cabs but may not always show current rates -- checks/negotiation generally recommended; tipping officially discouraged but in practice discretionary.

Car hire

Self-drive cars available in Bombay; chauffeur-driven cars available in main cities — in New Delhi local inquiries can be made to Indian Tourism Development Corporation.

Press, cinema, commercial radio and television available. Outdoor: controlled.

Rnpee (RP)=100 paise. (Nota: 100,000 referred to as 1 lakh — written 1,00,000; 10m reforred to as 1 crore — written 1,00,000,000 1,00,00,000.) Telecommunications

Telephone dialling code for

India: prefix + 91 followed by, for Bombay 22, Delhi 11. IDD access code: 900. Approximately 2.62m telephones 1980; 86 per cent automatic service; over 13,800 public telephones; telex available in major towns; telegraph is country wide.

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